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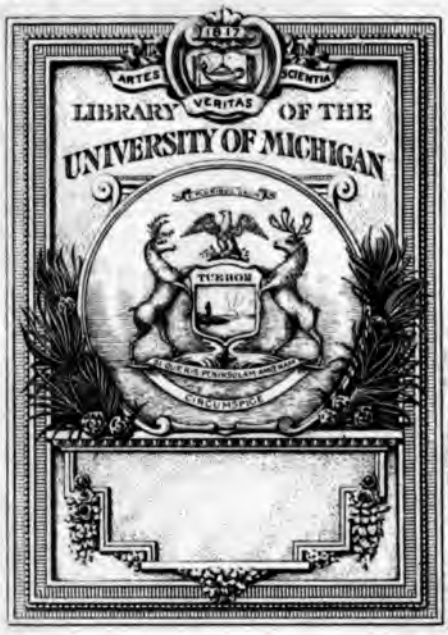
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WAR AND LABOUR

WAR AND LABOUR

Mikhail Viktorovich ANICHKOV

BY MICHAEL ANITCHKOW

WESTMINSTER
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1900

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To

THE MEMORY OF

MY BELOVED FATHER

THIS BOOK IS

DEDICATED

Dir. Emerg. fd.
Redwich
7-6-43
45312

PREFACE

THE nineteenth century put an end to slavery. The twentieth ought to do the same with war. We hope that the generation which enters the third thousand years of the Christian era will be as little troubled by the remains of martial days as we are troubled by the traces of slavery in distant and still inaccessible countries.

It is possible to hope that the time of perpetual peace will arrive, but we cannot be sure of it.

Optimistic fatalism has more than once been the antagonist of progress. A blind belief in the unavoidable cessation of wars is injurious for the cause of perpetual peace.

The obstacles are very great. No matter how widespread love of peace be in our days, war will always remain the lot of man while he is most affected by what is vicious in collective action, national and international. The destructiveness of contemporary arms, with all the possible successes of military science, as proved in the following pages, cannot be considered a factor of peace. Projects of perpetual peace, projects of International Courts and international organization, as shown by sad experience, do not advance the cause. Even such international actions as have frequently proved their value by mitigating the calamities of war,

have not caused the approach of the time for the cessation of wars.

Free-trade conceptions in their usual forms, thanks to compromises brought about by economical stagnation and false ideas on the part of the State, were incapable, as proved by facts, of overcoming national antagonism.

When the question is set on a wider base, then the symptoms of a better future will appear. No single effort, not even the initiative of powerful State authority, can produce observable results. Only when all Government activity in legal and independent kingdoms is full of the consciousness of the necessity of free and energetic co-operation, universal and social, then only will war disappear, as slavery has disappeared. This course will demand many sacrifices and many efforts. History teaches that prejudices are defended more firmly than are actual interests.

The coming century will have to struggle hard. By issuing our work, we strive to aid the explanation of the question, and in the measure of our strength to take part in the general labour.

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PART I

CHAPTER I

Two Currents of Contemporary Life — Latest Theory: War will Kill War—The Insolvency of such Theory —War in the Ancient Times

DURING the Crimean War, in the days when the struggle at Sebastopol was at its fiercest, the first volume of *The History of Civilization in England* was issued. Regarding peace as the greatest blessing and war as the greatest curse which mankind could meet with, the English thinker found consolatory indications in the bloody strife going on at the time. "To characterize the contemporary public state," wrote Buckle, "it is of great consequence that peace, of unexampled duration, should be broken, not as in former days by the quarrel of two civilized nations, but by the attack made by uncivilized Russia upon still less civilized Turkey."

Buckle hoped that the time of great wars between civilized nations had passed. Investigating the causes of the "decrease of martial spirit," he stated, "that the invention of gunpowder caused the institution of regular armies, because the difficulties of war and war expenses were increased, and a necessity for a special military corporation arose.

"Formerly all Europe was a great army, engulfing all other occupations, but after the institution of regular armies a sharp difference was established between a soldier and a civilian, and a separate military class or corporation made its appearance. As this consisted of a considerable minority of the entire number of citizens, the others had a possibility of applying themselves to other business."

Buckle's hopes proved to be illusions. Not long before his death "civilized" France attacked "civilized" Austria, and deprived her of Lombardy, wresting two provinces, Savoy and Nice, from her ally, Italy, who was at that time reuniting. Four years after the death of Buckle the Prussians and Austrians invaded Denmark and took Schleswig and Holstein. Two years later the war of 1866 broke out, and the great Chancellor asserted that great questions ought to be settled by blood and iron. After the consolidation of Italy and of Germany, peace reigned for a term of less than four years. The war of 1870 commenced, owing to dynastic pretexts, dynastic interests, and soon became a vital conflict of two nations. France organized several armies of general militia. Germany moved her Landwehr to the theatre of war to reinforce the regular troops. During the fifteen years following Buckle's remark upon the decrease of martial spirit Europe was the stage of four wars, of which the last, by its devastating character, exceeds in importance Napoleon's campaigns, and was of longer duration than any of these, excepting the Spanish War.

During these fifteen years the Transatlantic war of the North and South States took place. When the interests of the free North clashed with those of the slave-owning South, the widely-spread civilization of the dominion did not prevent the use of force. The abolition of slavery and the establishment of the integrity of the union were bought at the expense of a million lives, and several milliards of dollars.

If Buckle had reached the normal limits of human life, he would have met with many grievous disappointments. His belief in the soothing power of knowledge would have been shaken. He would have seen that his unrealized prophecy, the collision of his doctrine with inexorable facts, would serve as a significant argument against the hope of the commencement of a time of eternal peace.

Since 1871 to our days the European peace has been

broken by a new war between Russia and Turkey. Although the epithet which the English thinker found applicable in 1855 could not be applied to Russia in 1877, the other warring side, held fast by the disease of Asiatic stagnation, had advanced very slightly since the days of the Peace of Paris. The military strength of Turkey had increased, but the state of the country had not improved. The Bulgarian atrocities proved to Europe that the "Sick Man" resembled in most respects the great sultans of long ago. The war of 1877–78 may be viewed as a conflict representing a violent action of civilization upon half-wild nations. Such a war, begun with the assent of the European Concert to protect the oppressed, would not have caused disenchantment of the thinker who had predicted the speedy future stoppage of wars between civilized nations.

If we make an exception of the Balkan Peninsula, the peace of Europe was nowhere interrupted, although clouds collected on the political horizon more than once. The "storm of martial bad weather" passed by. In 1875 a strong party at the Court and in the army influenced the Emperor Wilhelm I. to attack France, the arming of which caused uneasiness to the old field-marshal. Receiving information of the organization of the fourth battalion in all French regiments, Moltke expressed an opinion that it would be better to finish off a dangerous neighbour before she had time to complete the re-organization of her army. The undertaking was considered perilous, and was accordingly left alone.

In 1879 Bismarck's efforts succeeded in arranging the Triple Alliance, very dissimilar from the "league of peace." The relations of France and Italy became worse; those of Russia and Germany did not improve. Incidents took place on the frontier of Alsace which caused consternation in the money-markets. The Bulgarian disorders put the European Concert out of tune. Germany by peaceful action tried to procure a certain number of colonies, and these efforts, notwithstanding the fact that the Germans were

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PART I

in the Franco-German War, and organizer of the Turkish army, the author of the work *The Nations in Arms—Das Volk in Waffen*—(the first edition appeared in 1883), thus concludes his investigations, dedicated to "armed nations":—

"As long as nations try to reach worldly welfare; as long as they care about ensuring to coming generations space for development, peace and respect; as long as they, directed by great minds, will rush to realize, beyond the limits of daily necessities, political and cultured historical ideals—so long war will exist.

"War is the lot of mankind, and the inevitable destiny of nations. Perpetual peace does not exist for mortals in this world."

If such an opinion is agreed with, the bloody conflicts of the recent past, and the gradually increasing armaments of the end of the nineteenth century, will lead to the conviction that the discontinuation of wars, even in the distant future, is not to be sought for outside Utopia.

Phenomena of another kind are observed. The remembrance of Sedan and Plevna is fresh. The formation of vast armies proceeds without rest, but facts exist which weaken the formidable impression of late wars and contemporary armings.

Universal co-operation develops with unseen force. In several most important spheres of human activity the solidarity of all human interests becomes firmly established.

Union is observed most evidently in the progress of scientific knowledge. Science has lost its nationality. Every scientific discovery becomes the property of one and all. No matter where the student or savant may live, all nations make use of his labours. The extensive development of the facilities, rapidity and cheapness of means of communication and methods of travelling, led to the continuous intercourse of the agents of science in all parts of the world. In the former days, months and years passed before Frenchmen learned of the labours of

Germans, before Englishmen became acquainted with the discoveries of Americans. Newton and Leibnitz, who in 1684 discovered differential calculation, disputed for years, before the students of mathematics became acquainted with the fine part played by each in the foundation of the super-experimental symbolic analysis. In 1846 also two men of science, a Frenchman and an Englishman, nearly simultaneously and independently of each other, discovered a new planet, without aid of the telescope, by the application of analysis to the examination of the orbits of heavenly bodies. Several days had to pass before Leverrier and Adams could correspond with each other, and disclose in the literary world the discovery of Neptune.

When, in the United States, Robinson, at the end of the last century, proposed applying steam for the moving of weights along the land, a faint rumour of an American's strange idea only reached England two years later. A specially appointed committee pronounced the inventor mad. Steamers and railways progressed with a tardiness which it is hard for us to understand. Fulton, at the commencement of this century, travelled in his steam boat, and in 1853 people were still doubtful of the suitability of steam for navies.

Such doubtings and delays have passed to the region of tradition.

The invention of the telephone was patented by Graham Bell, in September, 1876. Three years later telephone wires extended over thousands of towns.

Astronomical observations are carried out by all observatories simultaneously. During the late years the famous dispute concerning the first meridian has been settled. Philosophical and political sciences present a yet greater binding influence. Historians and economists of all nations form one corporation.

Scientific investigations are carried out by the amicable mutual efforts of all civilized nations.

The universal union of science is firmly established.

In the world of fine arts the unity of ideas triumphs over the keenest national animosity. Continuous intercourse is observed amongst artists, poets, and musicians. When the influence of distances disappeared, the happy coincidence between the sense of nationality, which gives arts the best impulse of development, and the general human tendency to all beautiful and good, strengthening and refreshing, creating powers, was observed. In our days the simultaneous amicable evolution of a series of independent conceptions is remarkably prominent in arts. National self-consciousness in the region of the higher creations of the human mind has reached a susceptibility which has never before existed; at the same time former intolerance has disappeared. Talents, mostly national, seek a stronger life-intercourse with foreign creations. The difference of languages ceases to be an obstacle.

The consequences of this are facts impossible of attainment in former years; for example, the influence of Russian authors on the literature of England, France, and Germany. Tourgenieff, Dostoyeffsky, and especially Count L. Tolstoi, writing in a language little accessible to foreigners, have occupied a prominent position among contemporary European artist-thinkers. The difficulty of translation is surmounted even for the Russian writers, which is an unmistakable indication of the accomplished intercourse of all literatures.

In plastic arts, where the dissimilarity of languages does not prevent the intercourse, it has become yet stronger, more evident. Museums and exhibitions of all capitals seem to form departments of universal depositories. Berlin, Munich, and Vienna give the pictures and statues of the French Salon free access to their exhibitions. All traces of antagonism have, during the last ten years, disappeared from music. *Lohengrin* and *Valkyrie* have been produced at the Grand Opera. The representation of *Lohengrin* was accompanied by street mani-

festations hostile to Germany, but these had no serious consequences. The second opera, given at Paris in May, 1893, created little trouble on the boulevards and much enthusiasm in the theatres. The national German epos, transcribed by Wagner into an admirable musical trilogy, entirely fascinated the motley and sated crowd of "tout Paris." All the bitterness of the remembrance of the invasion did not prevent the success of the German composer.

The established co-operation of nations in the regions of scientific research and artistic creation began to appear simultaneously in industrial and administrative activity. The inclination to unity in such functions of the State machinery as are dedicated to the acceleration, cheapening and improvement of means of communication and public international intercourse is displayed with the greatest force.

The universal postal and telegraphic union, with a general tax, general regulations, accustoms the government organs, which manage the invisible but important affairs, to regard foreign administration as a contributor to the general work. The public, making use of the services of the union at a general low price for the sending of letters to the nearest towns, as well as to most distant parts of the world, from day to day grows more accustomed to the idea of a solidarity to which all countries contribute. This same influence is yet more displayed by the aid of railroads. Except Russia on one side of Europe and Spain on the other, all continental powers have railways of the same width. The same cars circulate from the shores of the Straits of Calais to Constantinople, and from Warsaw to the Pyrenees. French companies possess lines terminating at Cologne, Geneva, and Genoa. Travelling tickets to all European towns are issued at every important station. A ticket to Berlin, Vienna, Paris, and London may be procured at St. Petersburg. Steamer companies enter into arrangements with railways of the old and new worlds in so admirable a fashion that travelling, economical both as regards outlay of time and money, can now be entered upon in comfort.

Facilitated and cheapened transit aids the frequent organization of international congresses, occupied in discussing, with the presence of representatives of all cultured countries, the most vital questions. The necessities of national health occupy the foremost position; assemblies devoted to sanitary affairs are held. The faith in the efficacy of quarantine being totally shaken, a necessity naturally arises for other means of ensuring against the spreading of infection.

A special kind of intercourse between nations is represented by universal (especially industrial) exhibitions, which, in the first half of the nineteenth century, were still unknown. Only in the latter days did life demand international peaceful competitions on behalf of labour—periodical competitions, striving towards the display of the results attained by human learning and talents. We have already become accustomed to these gatherings; but in the first quarter of the nineteenth century every one would have doubted the possibility of such things.

We have before us two currents. In contemporary life two opposite processes are observed, one gathering and nourishing enmity and dissension, the other bringing peace, content, and unity. Huge armaments are developing, which threaten the future with all the miseries of a fierce struggle, and at the same time unheard-of phenomena appear, which seem to promise gradually to avert war between civilized countries.

At the same time two different theories regarding the paths to perpetual peace have been created. The supporters of the first doctrine hope that armed collisions, becoming more destructive and disastrous, will finally become impossible. Peace will be the final result of the formation of enormous armies and the improvement of weapons of destruction. War will kill war.[1]

[1] Count Komarovsky: *On International Justice.* Also his articles in the *Northern News*, 1895, II., "The Consequence of War." Holzendorf: *Die Idee des Ewigen Völkerfriedens.*

LATEST THEORY: WAR WILL KILL WAR

The supporters of the second doctrine, based on numerous witnesses of universal union, are convinced that legal relations, so firmly rooted in social life, will be transferred to international relations. The frequent success of arbitration in disputes between governments, points out a way for the final suppression of war. The institution of international courts will establish peace.

We will discuss in detail both these doctrines concerning the attainment of perpetual peace.

The Duke of Wellington feared that the torpedo would make naval battles impossible. During the last few years the press and pulpit have frequently pointed out the beneficent effect of improved rifles, guns, and shells. D. J. Mendeleyieff expresses this opinion very plainly and concisely.

He writes: "It is undoubted that the introduction of powder, discovered almost accidentally by the Chinese and monks, so regulated war, that wars became less frequent, because instead of actions with supremacy of units—it is sufficient to remember Achilles and Hector—a time arrived when organized masses acted, and personal external qualities were more and more eliminated as the combatants were removed from each other to a distance determined by the destructiveness of firearms."

It is remarkable that the new kinds of smokeless powder, which attract general attention by means of their component parts (nitro-glycerine, pyroxylene, etc.) and by their bursting power, owe their discovery and the development of methods of produce to the learned investigators of explosives. This proves that the epoch of accidents terminates here, and that the real work commences, which, as does every scientific and rational taste, developes on its foundations.

The greater the range given to rifles and guns, the less frequent will wars undoubtedly become; and when (the time for which approaches) rifles will carry a bullet to such a distance that the person at whom it is aimed will not be

able to hear the discharge of the weapon, then on one side every one will see, more clearly than has been seen until the present time, the lottery of war, and on the other side the influence of science, reason, foresight and humanity, which will suppress war. These thoughts lead to the conviction that the study of explosives and the improvement of the force of firearms is one of the best and surest paths to the attainment of general peace. Having been obliged to discuss this question, and having had the chance of learning the opinion of numerous advanced men on the subject, and being a son of my country, which I desire to attain to lasting peace, I state point-blank that the study of explosives has the aim, among others, of establishing universal peace; that the desire for fighting is in inverse ratio to the square of the range of fire; that scientifically directing the rapidity of the combustion of explosives, and increasing the initial speed of the projectiles, are aids to the higher levels of civilization and progress, and that the development of the science of explosives suits both the direct and indirect aims of the peaceful successes of science and industry.[1]

We do not agree with D. J. Mendeleyieff's plainly expressed opinions. We will try to prove that he, in common with the Duke of Wellington, is mistaken. Our opinion is that war will never kill war.

When warriors of prehistoric times first saw bow and arrows, the impression which this weapon of death made must have exceeded, it is to be thought, the contemporary fear of smokeless magazine-guns.

What power and what bravery could withstand a skilful shooter? Throwing a spear from a powerful hand one could strike an enemy at the distance of a few paces, but arrows flew further. The tension of the string tightened by hand proved stronger than the swing of Achilles' muscles. The god-like Achilles, who conquered all in close

[1] *Encyclop. Dictionary*, Brockhaus and Ephron, vol. vi., ed. II. pp. 206, 207.

combat, being almost invulnerable in the armour forged for him by Vulcan, was wounded by the arrow shot by the lover of women, Paris. Success in battle was produced not by arrows, but by the bravery of the combatants, who with sword and spear made an impetuous rush against the ranks of the enemy. Arrows were frequently poisoned, so that the least wound caused a terrible death. Tarred tow was fastened to the end of the arrow and then lighted, but this terrible weapon proved of very little efficacy in battle. In Greece, at the time of Pericles, the warriors of Attica and Sparta considered weapons for casting to be worthless.

In the fourth century B.C., catapults and balistas, machines for throwing arrows, stones and sharpened beams, were invented. The Spartan King, Agesilaus, seeing the balista for the first time, exclaimed, "Now warrior-glory is lost." The king's fear proved vain. These terrible machines could only be used for the sieges of towns, and they did not appear in battles. Alexander the Great conquered enormous crowds of Persians by a rush of his close phalanxes, armed with spears.

Besides arrows, stones in former times were used for defeating the enemy. The heroes of the *Iliad* picked up stones from the plain, and with them broke the strongest armour and shields. Later the sling appeared, with which David killed Goliath. The art of throwing stones flourished on the Balearic Islands, where legions of practised slingers were gathered. These slingers served among Hannibal's troops, and later in the Roman armies. They occupied a prominent position in the armies of Cæsar during the conquest of Gallia, though it is not believed that their method of warfare was very effective.

While watching stone-throwing exercises of these slingers, might not the Roman, in common with Agesilaus, have concluded that strength, bravery and steadfastness were of no real avail?

But the prophets proved to be wrong. The expectations

and fears connected with arrows, balistas, slings, were realized very feebly. In single combat, in an unimportant conflict, or under special conditions at the siege or defence of a town, these weapons might attain a success. In battles, where the combatants were not a horde or a crowd, but an organized troop, these weapons had no influence. Although the ancient armies did not possess those excellent coats of armour covering the entire body, which made their first appearance in the Middle Ages, very few were killed by arrows or stones.

The analysis of ancient battle, based on the existing detailed and credible descriptions of the battles at Cannæ and Pharsalia, made by a talented French writer, dispels the illusions and misunderstandings concerning the phenomenon which is presented by the armed collision of two antagonistic gatherings of men. This military expert, basing his remarks upon his examination of works by Polybius and Cæsar, proves that in the ancient times, at the era of the domination of spear, sword, mace, shield, arrows, and slings, no hand-to-hand battle remarkable either for long duration or for the great number of men engaged occurred, save in the imagination of poets and artists.

Bowmen and slingers represented a light infantry, legions of shooters, who began the battle. Thucydides, describing battles of light troops, says: "As usual the light troops reduced each other to flight."

Arrows and stones fell, and struck both the shooters and the warriors standing behind them. But the losses which both armies incurred in killed and wounded were so small that historians consider them not worth mentioning. The mutual dispersal of the light infantry was often designed. The field was cleared to give place to the closed ranks of phalanx and legion. Having thrown their darts, the ranks of warriors rushed at the enemy; the hand-to-hand fight of the front ranks commenced, but did not continue long. Soon one side or the other wavered, and then began to retreat. The bravery of the rear ranks melted away

in proportion to the destruction of the vanguard. The side that endured the battle one minute longer than the other became the conqueror and destroyer, because the retreating force never presented opposition, and after success there came a cold-blooded murder of all the fugitives, most of whom had thrown away their arms. In the front ranks, which won the battle, either side lost a small number of men, but during the flight the vanquished were entirely destroyed. Marius attacked the Teutons at Aix suddenly from the rear. A fearful carnage occurred, in which 100,000 Teutons were killed, and only 300 Romans. At Pydna the legions of Emilius Paulus conquered the phalanx of Perses, killed 20,000, and took 5,000 prisoners, losing only a very unimportant number.

The legions were divided into maniples or cohorts, separate battalions placed in a chessboard order. The cohorts of the first line attacked; if they did not overcome the bravery of the enemy, but wavered and became tired, they were led back into the intervals, and were replaced by the cohorts of the second line, who were waiting at a distance, safe from arrows, stones and darts. The second line was replaced by the third. Such tactics and discipline triumphed over an enemy that was not only more numerous but also braver. Legions nearly always reduced to flight both the rushing hordes of barbarians and the Greek phalanxes, with their forests of spears. The invention of the legion is based on the knowledge of the human mind. When two closed masses of armed men come into collision, neither can stand long. Actual self-sacrifice, actual contempt of death, presents a rare quality, and is the lot of a few selected natures. The tactics and discipline of the Romans vanquished great gatherings of barbarians (each of which in strength and bravery was superior to the legionaries) because the exchange of lines, composed of separate cohorts, connected by discipline, exhausted the strength of the opponent. The Roman legion stood sufficiently long for the bravery of the savage enemy to

melt away. Whether making a stand at the front or attacking the flanks or rear, it was necessary to attain, not the destruction of the opponent (which is only possible in hand-to-hand battle), not the reduction of his numbers, not the causing of enormous losses. No; it was necessary to turn the herd-bravery into the feeling of herd-panic.

If the armies of the barbarians or the phalanxes were led by commanders who knew how to make them withstand the Roman legions longer, or if sudden surroundings and rear attacks succeeded, then the victorious legions were turned to flight and destroyed.

At Cannæ 86,000 Romans fought with the 50,000 followers of Hannibal, consisting of Carthaginians, Numidians, Spaniards, and Gauls. After the termination of the fruitless attack of the light infantry, Hannibal advanced the Spaniards and Gauls, who, evidently being braver than the Roman legions, firmly withstood the press of the heavy regular cohorts, but soon, as Polybius writes, "gave way and commenced retreating." These retreats were foreseen by their leader. When the Roman infantry, supposing the enemy vanquished, began the pursuit, and breaking the antagonist's line, in a close mass pressed against the retreating centre of the Carthaginians, the heavy African phalanxes attacked the Romans on right and left. The legions stopped, the retreating Gauls and Spaniards returned and attacked the front of the Romans, already assaulted on both sides. The battle recommenced, but did not last long. The cavalry of Hannibal had time to overcome the Roman equestrians and attack the legions from the rear. Then, seeing themselves surrounded on all sides, the whole mass was panic-stricken, and fled. But there was no way open for flight. A fearful carnage ensued. The Romans fell at the hands of the Romans, as Polybius himself remarked.

At Pharsalia Cæsar's legions fought with the legions of Pompey. Pompey had over 55,000, Cæsar only 22,000 men. On either side the base of the army consisted of disciplined

cohorts, tried in the former battles. Pompey's troops included 7,000 cavalry and 4,200 bowmen and slingers, who threatened to cover the enemy under arrows and stones.

Pompey designed the cavalry and light troops for the attack of the right wing of the weaker army of the enemy. Cæsar foresaw this intention, and stationed his scanty cavalry on the right side, but at the same time prepared a special reserve of chosen and most trusty cohorts, stationing them in the fourth line, behind a treble line of his principal forces. The legions of Pompey met the attack bravely, when, at the commencement of the battle, two lines of Cæsar's legions rushed forward. What happened later is plain from the concise and true narration of the great Roman:—

"Pompey's cavalry, according to orders received, rushed from the left wing, and a crowd of bowmen spread to all sides. Our cavalry did not await the attack, and retreated a short distance. Owing to this all the enemy's cavalry commenced unfurling its squadrons and surrounding us from our open flank. As soon as Cæsar noticed this intention he gave his fourth line a signal. This line consisted of six cohorts, which immediately attacked the Pompeian cavalry with such force and so impetuously that they gave way, and, all turning tail, not only retreated but, accelerating the flight, quickly fled beyond the high hills. After their flight the bowmen and slingers, left without defence, were all cut down. At the same pace the cohorts rushed behind the left wing of Pompey (whose army still stood its ground and did not yield), and attacked the rear.

"At the same time Cæsar moved forward his third line, which until now had quietly stood its ground. When these fresh troops replaced the tired ones, the soldiers of Pompey, attacked in the rear, could not stand any longer, and fled.

"Cæsar lost only 200 soldiers in this battle, but about thirty brave centurions were killed. Of Pompey's army nearly 15,000 men were lost, and over 24,000 fled to the

hills, whom Cæsar ordering to be surrounded, surrendered the next day."

The descriptions of Cæsar and Polybius show us the character of the battles of the ancients. Before all else we observe the slight material action of machines for missiles. An experienced slinger or archer, taken independently, would evidently kill a legionary armed with sword and spear. Could armies, possessing several thousand archers, hope to destroy a brave enemy? No. In reality it appears that Paris might kill Achilles, but thousands of the former could do nothing with a hundred of the latter. The conditions of single combat are different to the collisions of masses. Four thousand archers and slingers were cut down by several hundreds of Cæsar's disciplined veterans. Myriads of stones and arrows killed only a few Romans. The good aim of a single shot disappears during battle. Nevertheless, archers and slingers accompanied all ancient armies. Stones and arrows killed few, but inspired nearly all with fear. It was necessary to have no small bravery and discipline to move forward under a hailstorm of arrows and stones. Agesilaus was not right in expecting that missiles would destroy martial ardour; the action of the ancient missiles was slight, but the moral influence was very important. Only when bravery is supported by discipline, habits of obedience, military tactics, which have entered into the blood during the time of peace—then only the ranks of warriors, armed with sword and spear, advance under a hailstorm of stones and sheaves of arrows. The first line of the legion received these. The second and third (sometimes even the fourth) were stationed beyond the flight of arrows, and on account of this entered the battle as fresh reserves to replace the first line.

If arrows and stones had so little influence, and were a secondary method of victory, did not other weapons prove more destructive, namely, spears, swords, battle-axes, daggers, and maces? The above-mentioned descriptions and detailed narration of great battles of the ancients give a negative answer.

At Pharsalia a battle was fought which lasted several hours, and 45,000 men of Pompey's excellent troops, after a struggle in which they could not lose more than 200 or 300 men—because with equal bravery, arms, and knowledge of using arms, they could not have lost more than Cæsar's legions, which lost only 300—ran away. The massacre of the running troops, who threw away their arms, and the capture of the remainder, were incidents following the battle. The men of Pompey's legions, colliding with the front lines of the legions of the enemy, at the same time heard the noise of the attack made by Cæsar's cohorts on their rear. Then bravery disappeared, panic overcame discipline, and the army of 45,000 men fled. Then only could swords and spears commence their destructive work.

At Cannæ, the Roman army, better armed than the Carthaginians, met with further resistance at the moment when it expected victory; seeing the enemy on all sides at the same time, after a short battle, the front ranks of the army were panic-stricken, threw down their weapons, and allowed themselves to be cut down.

Consequently not only arrows and stones, but swords and spears proved of deadly danger for the conquered. The defeat happened not from worse arms, not from a worse knowledge of fencing, and not from a superiority of numbers. The victory was gained by the conjunction of bravery, discipline, inspiration, and belief in the leaders; finally, the talents of the general, as shown in the union of energy with care, the clearness of ideas with imagination, foresight and coolness combined with ardour. The want of discipline and expert tactics leads to an army of greater numbers, well equipped and braver, being defeated after a short, and, what is still more remarkable, after a hand-to-hand fight. It was the same with the horde of a hundred thousand Gauls at Aix, where the army fled before a few legions commanded by Marius—the same in all other battles. That terrible phenomenon, the collision of two armed masses, developes and terminates

in stages quite different from single combat. If men are totally fearless, they represent a rare exception. If men are totally faint-hearted, there are few such in famous armies. In general, every army has a certain stock of bravery, which under favourable circumstances and conditions holds out for a long time—then victory is gained; if the conditions are unfavourable, then these are quickly dissolved, and destruction and ruin are inevitable. The ancient battle, which was always fought on a limited area and in an open place (every combatant having the power of viewing the entire army), is full of interest, owing to the possibility of studying the growth and reduction of collective firmness, which at all times was and will be the decisive factor of success in war.

Ancient battles give a true comprehension of the influence of hand and missile weapons on the victory or defeat. Better arming was important only by its intellectual action. The lot of multitudinous armies was decided by the battle with small numbers, and even not by the battle, but by the impression of the battle on the mass. Consequently, from a purely material point of view, it was indifferent what the troops were armed with, as long as the weapons inspired confidence to the men and fear to the antagonists. Slings and bows were useful, not because they displaced many men from the ranks of the enemy, but because by threatening the advancing army with a storm of arrows and stones they cooled the first ardour of bravery and diminished the rush of the first impulse. Sword, spear, and shield were necessary, not to kill in the general hand-to-hand fight (which never took place), but to press the enemy with a brave spirit in closed cohorts, and either by impetuous front attack or sudden surrounding, to convert the general bravery of the antagonistic army into a panic. According to Polybius, the Gauls, before a decisive battle, in indication of contempt of blows, undressed, and naked, with large swords in their hands, rushed forward with a glorious impetuosity which the Romans possibly never

attained. The aspect of naked braves with long hair inspired terror to the legions. But the discipline and tactics of the Romans generally proved stronger, because the ardour of the barbarians soon passed. The continuous replacing of tired cohorts by fresh ones, the attack of line after line from the front and the flanks, made the barbarians despair, and they fled. When led by Hannibal they conquered the Romans. Inspired with blind confidence in the expert and cool leader, they stood longer, and the heavily armed legions were compelled either to flee or surrender.

Cavalry also had but a small moral influence on victory. When cavalry attacked infantry, all depended on the presence of mind and discipline of the latter. At all times man was afraid of being crushed by horses. If a rank of infantry, seeing the advancing mass of equestrians, retreated, and strove to shelter itself, the retreat became flight, and the infantry was destroyed, because the fugitives were overtaken, cut down, speared and trampled.

If the cavalry attack was withstood with a brave spirit and lowered spear, then the cavalry turned, without having reached the ranks of the foe; or, seeing the terrible hedge of shields, spears, and swords, the equestrians gradually decreased the speed before the collision, and, after a feeble and not dangerous shock, turned tail. Under different conditions the reality of success depended only on the preserving of coolness and bravery. With a firm infantry, cavalry could do nothing, notwithstanding the fact that ancient cavalry had nought to dread but sword and spear, and could hardly be struck at a distance. At Pharsalia the infantry cohorts attacked Pompey's cavalry, which could not withstand the attack, and was dispersed. On the contrary, at Cannæ, the appearance of the Carthaginian cavalry at the rear of the Roman army decided its defeat. The cavalry attack was not dangerous for the regular discipline of infantry. The danger was greatly increased when the infantry ranks were shaken, or their

brave spirit was doubtful, or when the impression of a cavalry attack was increased by an attack on the flank or rear. The danger became total ruin when infantry fled after defeat. Then the sword and spear were at work, and many thousands were massacred. The secret of success lay in retaining the bravery.

Cæsar relates that his cavalry could not fight with the Britons without danger, because the latter pretended flight to draw away the cavalry from the infantry, and jumping from their battle chariots, fought with it on foot.

When cavalry fought with cavalry there was also no great struggle; collisions rarely took place. The Roman cavalry galloped against the opposing cavalry, then, at the distance of an arrow's flight—if the enemy's horsemen did not flee in view of the impetuous rush of the cavalry attack—the speed decreased, several darts were shot, and the Roman equestrians returned to their former position to renew the attack. The cavalry of the other side played the same game, which was renewed until the cavalry of one side succeeded in convincing the other that it had overcome it by its impetuosity, then the weaker side began to retreat, and the victors hunted it.

The hurricane of charging cavalry is a feature of poetry, not of actual fact.

One military expert says, that should collision at full speed take place, men and horses would be killed, but this is not desired by either side. Horsemen, obeying an instinct that is possessed both by men and horses, decrease the speed and stop, if the enemy should not stop, and turn back if the enemy continues to advance impetuously.

If charges occurred there was scarcely ever any heavy shock, as the cavalry stopped face to face. Several spear and sword blows were delivered, and very soon one or the other side turned back.

Thus such a terrible weapon as a well-trained horse in battle had only a moral consequence. The picture of ancient battles will be plain to us if we acknowledge that the

reality of success in the collisions of armies cannot consist of the material action of numbers, weapons, tactics, and discipline, but is only defined by moral competition. The enemy can be destroyed only after the victory, not before it: during the battle it is necessary to discourage him. Thus is the victory won.

When we become possessed by these simple opinions, then we shall understand many phenomena at first sight hard to be understood. It will become plain why the 30,000 spearmen of Alexander the Great conquered an army, the strength of which was ten times greater. The Asiatic sovereign relied on the number of his hordes; but when the time of battle arrived, the army, composed of several hundred thousand horsemen and foot-soldiers, saw a phalanx, which gradually pressed on with its forest of spears, taking no notice either of arrows or darts, and not fearing the attack of horsemen. The moral impression caused by this steady rush was sufficient to put to flight that vast mass of men. The defeat was dependent not on the real force of these ranks and spears, unimportant in comparison with the greater number of excellent armed foot and horse soldiers of the army of Darius Hystaspes. Of how little consequence in Alexander's battles hand-to-hand fighting was, is seen from the fact, that during all his great campaigns he lost not more than 700 men killed by spears.

Thus intellectual superiority gave success in the wars of the ancient times. Excellent armaments, both for attack and defence, also the possession of a war-horse, in reality had one meaning: to discourage, and not destroy, the antagonist's army, and support the bravery of one's own. The deadliness of all weapons of defeat was displayed only after the victory.

CHAPTER II

The Decline of the Military Art in the Middle Ages—Its Renovation and Wars of the New Times

WHEN the organization of the Middle Ages rose from the ruins of the ancient world, then, with the decline of science, and the lowering of the level of culture, war also declined.

With the establishment of feudal customs the reasons which had caused men to arm themselves for the death-struggle decreased. Alexander the Great, Hannibal, and Julius Cæsar all fought for the possession of the universe. The hordes of barbarians who crushed Rome swept from the face of the earth universal power, and captured those countries in which the coming generations were to found in the later ages a series of civilized states. What we see in the period when feudal castles appeared and feudal customs were established is quite different. War became continuous, but was carried on between small despots, lodged in strong castles, which covered the entire region between the ocean and the Vistula. In Eastern Europe, civil wars were carried on. The aim of battles in the Middle Ages consisted in capturing the neighbour's appanage or lien. Battles were fought, based on individual or family interests of the minor princes. The capture of a small scalloped tower was considered difficult and glorious, as such buildings were erected in places only accessible with difficulty, and were defended by several hundreds of men in armour. The ancient armies would have passed such places without noticing them. Towns also resembled large villages surrounded by walls; Rome,

Carthagena, Palmyra, Athens and Alexandria lay in ruins. Instead of places of worship, porticoes, thermæ and colonnades, there appeared groups of low buildings, which lay close to the lands of the seigneur. The appellation of town was obtained by the erection of an enclosure, which guaranteed safety both from exterior enemies and stern overlords. The capture of castles and towns with the contemporary appliances was a difficult undertaking. Continuous wars were carried on between the feudal forces. The predominance of defensive arms (armour and mail shirts), which not only covered the knight, but also protected the horses, characterizes the battles fought in the Middle Ages. Looking at the steel arms, which were proof to arrows, spears and swords, it is possible to think that the contemporary wars were not bloodshedding. In reality, neither the ancient nor the recent ages presented such destructive struggles. Instead of vast armies meeting for great battles, we see skirmishes of small detachments; but these took place every day.

It is easier for a hundred combatants to lose a third part of their number in the struggle, than for an army of ten thousand to lose the tenth part. If minor battles were repeated day after day, they carried away many more human lives than great battles, which were of necessity very much rarer. The smaller the number of combatants, the less the result of the collision is influenced by tactics, and the more important it is to have material superiority of arms on one side. With equal numbers of equal bravery, in two small combating bands, stronger swords, longer spears, tougher shields, and greater range of missiles would insure victory. Then weapons acted, not by discouraging, but by destroying; and to attain success, to put the enemies to flight, it was necessary to kill a comparatively large number of them, and lose a small part of the victorious force. Since such battles were of frequent occurrence, the loss of men, the numbers destroyed, must have been incredibly large. The chances of long life were very

few, even for the most lucky warriors. Death on the battle-field was considered as the only destiny of man, and every other termination of worldly existence was considered a disgrace.

In the eleventh century Siward, the great Duke of Northumberland, being ill with inflammation of the stomach, and feeling the approach of death, exclaimed, "What a disgrace for me that I did not know how to die in so many wars, and now am dying the death of kine! Dress me at least in armour, gird on my sword, put on my helmet, give me my shield into my right hand, so that such a great warrior as I should die a warrior." His order was obeyed, and thus he died, fully armed, and in a warlike mood.

Daily danger became a habit to such a degree that only participators in a battle could look for respect. The daughter of the Danish earl, seeing the knight Hegilla, who wished to be seated near her, pushed him away with contempt, upbraiding him with "rarely giving wolves warm prey, and not having during the autumn heard the cawing of crows over heaps of dead bodies." But Hegilla stayed her reproaches, and quieted her with the following song: "I walked with bloody sword, and crows accompanied me. We fought madly; fire leaped high above the dwellings of men, and we were drowning in the blood of those who guarded the gates of the town."[1]

The minor destructive wars continued during all the Middle Ages. The greater part of them were not even entered in the annals and family chronicles. The destructiveness of weapons, the extreme deadliness of these conflicts of warriors covered with mail, is seen from the genealogies of the noble families up to the fourteenth century. An uninterrupted continuation of the masculine line was a great rarity. The masculine generation was destroyed in the continuous battles, and feudal appanages were transferred by marriage to other families. It is only necessary to look at genealogical records to be convinced

[1] *The Song about Hegilla.*

that the ancientness of the greater number of these families is based on inheritance through the feminine line. The destructive minor feudal wars devastated Europe terribly. Man-destroying, continuous civil wars were reduced only with the strengthening of central power and the establishment of large urban settlements. Several centuries, which passed in continuous massacres, better than anything else show the vanity of hopes that the extreme increase of danger in battle is likely to create a general repugnance to war.

The danger of feudal wars was increased by the intrepidity of the knights. The possessors of gold spurs considered cowardice such an extreme vice that even the fainthearted remained face to face with the enemy; the fear of disgrace overcame the terror of inevitable destruction. The faithful vassals made efforts to imitate the seigneurs. The proud consciousness of personal merit, nourished by family traditions, should be acknowledged to be a bright mark in these dark ages. Every knight not infrequently had opportunities of proving his heroism. In the ancient times this was the lot of few. The self-denial demanded from officers in our days, their readiness to always be first in the most dangerous places, is the inheritance of knighthood. From the descriptions of ancient battles it is manifest that the steadfastness of combatants increases the number lost, more than does the quality of weapons. Further, we shall see that in the later times nothing was changed in reality, and that the old state of affairs was repeated.

When feudal bands, leaving for a time minor civil dissension and attacks, had to gather together into great armies and take part in great battles, then the result of the battles was unconditionally decided by the same superior quality of the spirit of troops, which, as we have seen, gave success to the legions and the phalanxes of the ancients. At the battle of Hastings the Saxons met the Normans behind palisades. Approaching to the distance

of an arrow's flight, the troops of William the Conqueror commenced pelting the Saxon ranks with arrows. One of the arrows wounded King Harold, and spread confusion amongst the Saxons. Then William ordered his infantry to retreat, enticing the antagonists from beyond the stronghold. When the Saxons, with axes in hand, following the Normans, came out upon the plain, William attacked them with all his armoured horsemen. Seeing the rushing cavalry, the Saxons were panic-stricken and fled; then began a carnage, in no respect different from the massacres which followed the battles at Cannæ and Pharsalia. On this fateful day it was of little importance whether the Saxon axes cut through the enemy's armour, and whether the Norman spears were long enough. Few men fell on either side before the victory. After the victory the vanquished were destroyed, or else they surrendered in masses. The success of the day was gained by the army in which there existed superiority of discipline and certainty of victory. A casual accident, such as the wounding of the leader, could happen with any weapons.

The Hungarian hordes, whose attack the predecessors of Henry I., the Birdcatcher, could not resist, were defeated in 933 by this sovereign at Riade. The victory of Henry is explained by the invincible attack of heavily armed equestrians covered with mail, who rushed with closed ranks against the Hungarians.

The great battles of the Middle Ages had the character of ancient battles. Weapons were improved by the introduction of the arbalest instead of the former bow. The mail and armour were better made, and resisted darts and arrows. Swords and spears were more trustworthy. Axes made their appearance, smashing the strongest armour. Halberts unite the spear and axe.

The Eastern conquerors attacked the Christians with curved scimitars. All these changes have no great importance. The material influence of weapons is very slight. The tugs of war about which poets write did not occur in

reality. Only the front ranks took part in the hand-to-hand fights. The victory was gained by that armed mass which, thanks to intrepidity, discipline, and trust in the leader, had more collective confidence of success.

Herberstein gives the opinion of an eye-witness of the Russian armies of the time of the Moscovite sovereignty. The Moscovites were brave; they did not avoid meeting the enemy in battle. At the commencement of each fight they attacked the enemy vigorously, but the battle did not continue long. Colliding with the ranks of the antagonists, they seemed to say, "Run, or we will run."

This observation, made in the sixteenth century, regarding personal qualities, is very important. From what we have said of the victories of the Greeks and Romans over the hordes of powerful barbarians, it is possible to conclude decisively that the same eye-witness, had he been destined to see, sixteen centuries earlier, the battles of the Cimbri, Teutons and Gauls with the Roman legions, or even still earlier the campaigns of Alexander, would have discovered the same lack of enduring intrepidity which converts an armed crowd into a very sensitive organ, inclined to change from spirited behaviour to panic.

Among combatants men exist who know no sense of fear, or who suppress this sense from a consciousness of duty; but these are rare exceptions. If an army could consist exclusively of such brave men, a battle with any weapon, wooden club or magazine-rifle, would be so devastating that few victors would be left; the influence of superiority of weapons and the art of fencing would be fatal, and with equal weapons, instead of victory a nearly total mutual destruction would be arrived at. In reality the mass cannot consist of heroes, and for this reason victory or defeat is gained for one of the combating armies before one of them has time to cross swords with the opponent, or before a great loss is incurred from any kind of weapons.

Before the era of the invention of firearms the nature of

large battles changed very little. When the era of regeneration commenced, then, in accordance with other arts and sciences, the science of war was developed along with military arts.

With the appearance of permanent armies the Roman tactics revived. Discipline appeared, similar to those institutions which were accepted in the ancient legions. Barbarous and feudal customs disappeared gradually. Instead of divisions into feudal bands, instead of national armies, we find regiments and battalions, trained by stern disciplinarians, as were the Roman cohorts in days of old.

Under the influence of the improved firearms, methods of war, till then unknown, made their appearance only in the seventeenth century, characterizing the wars of the new times. Formerly, when a certain number of foot soldiers were armed with the long, heavy and primitive arquebuss, the weakness of their fire obliged Montaigne to say (certainly by report of the contemporary military men): "Firearms, of so little activity, hurt nothing but the ears; it is necessary to suspend the use of them."

The arbalest was the prototype of the contemporary guns. It was a cross-bow, to which a tube for directing the arrow was joined: a terribly dangerous weapon, which at a distance of two hundred paces could be aimed with precision, and broke bones, even though its missile did not pierce the armour. Only very heavy armour could resist the arbalest. It was not without reason that tradition attributed its discovery to William Tell. With the invention of gunpowder the tube was retained, to direct the projectile, but instead of an arrow a piece of metal was substituted, or a lead bullet, and the elasticity of powder gases replaced the elasticity of the bow-string. In the primitive type, without a butt-end and with a fuse, firearms did not possess good aiming qualities.

Powder, which proved a terrible element at the sieges of towns and castles, long after its introduction did not

influence the character of great battles in the open field. At the time of Francis I. only the fifth part of the infantry was armed with firearms. The spear still predominated.

During the seventeenth century a series of improvements was introduced. To prevent the kicking of the gun the end of the barrel was supplied with a hook, which during the firing rested on some immovable object; such a weapon received the name of *arquebuse à croc*. To ensure the aim, each shooter was supplied with a fork, on which the barrel could be rested. A stock was introduced, the barrel lengthened, and the calibre of the bullets increased. Finally the fuse was replaced by the lock. The arquebuss became a musket. Gustav Adolphus introduced the use of cartridges.

In 1643, during the reign of Louis XIII., the number of spearmen was equal to the number of men armed with guns. In 1688 the ratio was one spear to four muskets. Finally the spear was superseded, and the barrel of the musket was provided with a bayonet.

When all soldiers (excepting cavalry) became shooters, then there appeared a radical change in the method of battle.

We saw that in the ancient times, when the Macedonian phalanx crushed the Asiatic hordes, very few men, comparatively speaking, took part in the battles. During the predominance of legions, only those fought who were placed in the front or second ranks. The destiny of the others was either to fall from blows of the victorious enemy, or in the massacre of the fugitives. No special changes in this fatal relation occurred, or could have occurred, in the Middle Ages, and in all those wars the chief weapons were the sword and the spear.

When every soldier received a gun, then all without exception could take part in the battle, that is to say, all who were in the battle-line. Such a formation of troops became necessary as would allow every gun to be used. The dense battle order gradually gave way to long thin lines. Shooting chains were introduced; in other words, the soldiers

were spread out in one line, with a view to getting a better aim at the antagonist, and so as to escape great loss. Such battle-lines proved very elastic. For with the improvement of technical appliances the necessity of open space became gradually less than that required for ancient battles. Battle was accepted in any place—in a valley, on a plain, on hills, and in forests.

The first consequence of the change accomplished was the increase of the duration of battles. The leading of all the soldiers of a great army simultaneously into the line of battle was difficult and unprofitable. Beyond the thin lines that were already engaged in battle, reserves were placed, which were gradually advanced. Generally the battle was not decided before one or other side had moved all its reserves into action. The duration of the battles was the consequence of the great areas utilised in modern military struggles. When fighting in an open place, every one might see all the combatants, and the general impulse of fear or bravery spread rapidly over all the army. When the line of battle, very long, encompassed heights, forests, ravines and villages, then every great battle seemed to be divided into a series of independent combats. Local obstacles, the undulations of the soil, hid one detachment from another; two regiments fighting not far from each other could simultaneously display coolness and wavering.

Success, as formerly, remained on the side of those troops who had least fear of the enemy, were better disciplined, and possessed self-denying leaders and a talented commander. Steady attacks or impetuous rushes were surer of success than defence. Bullets and bayonets, which replaced arrows and swords, did not shake the decisive influence of the intellectual element, but the mechanism of the collision of two armed masses was materially changed. Hand-to-hand fighting between the first ranks, of short duration, but of great impression, now disappeared. Attacks were commenced from a greater distance, and

success or failure was determined without a direct attack on the enemy's lines. Such an attack is now opposed by the artillery firing a mass of projectiles at the antagonist in the expectation of making him turn back. Should the enemy, notwithstanding his losses and the running fire, approach nearer and try to attack with bayonets, then the defenders generally retire from their position in good order, or else in full flight. "Firearms," says Goltz,[1] "cause the enemy losses, and the bayonet charge increases the impression of the terror of the losses. Both these forms of fighting develope together, because the work consists not so much in the destruction of the enemy's troops, as in discouraging them. Victory is gained as soon as one side succeeds in impressing the other with the idea that its cause is lost. But, notwithstanding all the terrors belonging to a rain of lead, the enemy will never be thus impressed if he remains long at the same safe distance; the forward movements prove that the opponent does not let the fire prevent him from his intention of reaching the foe. Direct danger is now incurred. If the final rush be commenced, and have no halting moments, the enemy in most cases considers himself vanquished, and retreats. This rush is called a bayonet attack, although the bayonet is not used much.[2] All its invincible power lies in the conviction impressed upon the opponent, that the detachment possessing energy enough to advance under a deadly fire, will all the more have energy, in case of necessity, to destroy him with cold steel, if he does not give way. Then the fear of death causes flight."

From this description of contemporary attack it is manifest that after the introduction and improvement of firearms, battles are commenced and ended at a distance, without the actual collision of the combatants. With the excep-

[1] *The Nations in Arms*, p. 291.

[2] In fighting for possession of localities, in villages and forests, where the combatants meet suddenly, the bayonet is sometimes used, adds Goltz.

tion of special cases and conditions, as, for example, night battles, small ambushes, skirmishes between small detachments, the bayonet is not often used. If the opponent, under a shower of bullets, advances near, the only possibility of resisting the attack consists in a counter-attack, before which the enemy retreats, not awaiting the actual collision. Should the attacked party decide not to rush to meet the opponent, he will certainly retreat. To remain in position, and enter into hand-to-hand combat with the enemy is, and always was, too much for human power. Fortifications do not alter the case. A rank which has not succeeded in repelling an attack by fire, is not capable of meeting with steel an enemy who rushes into the fortress. In the manual of tactics, fresh troops are demanded for this purpose. It is supposed that the ranks which were defending the entrenchments are not capable of defence, once the opponent, overcoming their fire, has passed the rampart.

It is only possible to cut and stab a defeated enemy if he can be overtaken. As in ancient times and the Middle Ages, cavalry is terrible by the capacity of overtaking the runaway and disheartened opponent. If the infantry is not disordered, the cavalry tries to break down the courage of the ranks by the terror of its swoop. The attack is repelled not by close rows of spearmen, but by rapid rifle-fire. The mass of horsemen rushing to the attack melts away before the bullets; men and horses fall. The success of the attack depends upon the valour and discipline of the cavalry. In case of failure the retreat commences at a great distance from the enemy. In the case of their having reached the opponent, the work of the cavalry is complete; the infantry, shaken by the irresistible attack, against which bullets prove of no avail, is discouraged and flies. Should modern infantry, after having fired a certain number of bullets at the attacking cavalry, still be capable of meeting the approaching horsemen, as the ancient cohorts were

wont to do, then no cavalry attack would be possible. In reality, in battles of our own times, the struggle between horsemen and infantry ends at the point at which it formerly commenced. "It is necessary that each soldier, taken separately, should not fear cavalry," says General Dragomirov, "that is, should be taught to bear the impression of a cavalry hurricane sweeping down on him, and should be made firm in the conviction that, while he remains face to face with the equestrian, the latter can do no harm to him. The manner of resisting a cavalry attack should be as follows: allowing it to approach within the distance of a clear shot or, still better, to within 100 to 150 paces, the closed ranks first fire a volley and advance the bayonet." General Dragomirov adds, "the cavalry fears not the bullet which has been fired, but the one in the barrel of the rifle."

Such a rule is rarely observed. Cavalry is met by a running fire or a series of volleys. Should these shots prove unsuccessful, very rough work follows for the infantry. Military history contains only one case in which a cavalry attack was repelled although scarcely a single shot was fired. In 1812, the division of Neverovsky on August 14th, at Krasny, repelled several attacks of Murat's cavalry; the men discharged very few bullets, and quietly awaited the attack with lowered guns. With similar troops it is possible to repel cavalry attacks without firing. We have already pointed out how little the infantry phalanxes, which knew no firearms, feared cavalry, not even having recourse to arrows, darts, and slings.

Such steadiness and such a blending of discipline and valour, which allows the possibility of cavalry attacks being successfully resisted with loaded rifles, is rarely met with in modern warfare, and the result of such charges is decided at a great distance. It has been well said that with the increase of the range of rifles the course of cavalry attacks is changed only in one respect, namely, that in the face of cavalry, infantry will take to flight when the

horsemen are still at a considerable distance from them. Should the infantry commence firing at the attacking cavalry from a great distance (in defiance of the instructions of General Dragomirov), the attack may be repelled. The cavalry, broken by loss of men and horses, may turn back, not having approached near the lines of the enemy; but should the cavalry heroically advance, despite the firing at long range, the infantry lines may become discouraged at the time when swords and hoofs are not yet threatening and are still at a distance at which the cavalry of Alexander the Great, Hannibal and Cæsar would have formed for attack.

The kinds of projectiles used in modern warfare are very numerous. Balls, bombs, grenades and grape-shot have long since been invented for siege and field guns. Artillery, both of the old and most recent patterns, has one peculiarity, known to every military man, namely, a complete inefficiency against a cavalry attack. Though able to bombard fortresses and troops with remarkable accuracy, when their distance is known or defined by fire, artillery cannot fire on a quickly-moving target, as presented by galloping cavalry. To defend the batteries from the attack of cavalry, they are supplied with a certain number of foot-soldiers, called the covering force, to protect them from the attack by rifle-fire.

Victory is gained by the army which, under a hail of deadly projectiles thrown from rifles and big guns, approaches the enemy and forces him to flee by the same moral influence as in ancient times, but without a direct blow, for which there is substituted the terrors of destruction by fire and bayonet. Pursuit is now rarely so destructive for the defeated army as it was in ancient times. It is true that the pursuer has, in addition to the weapons of the cavalry, bullets and grenades, striking at a great distance, which it is difficult to evade. But destruction and capture overtake a defeated army only when the skill and the abundant forces at the disposal of the conqueror, and the

mistakes of the defeated, lead to the broken army being surrounded. In the opposite case, the defeated have time to save themselves. Only a separate battalion may be destroyed, which, after an unsuccessful attack, may be commanded by a cross-fire, or some detachment in a panic-stricken flight pursued by a numerous cavalry. A great army encountering defeat has time to retire, because a battle of long duration is terminated only at nightfall. The conqueror is too tired, and after having driven back the enemy is obliged to think of rest and not of pursuit. The field of battle is so great that generally the defeated army contains certain unbroken regiments, which retreat at the command of the chief leader, who sees that the fate of the day is against him and that the renewal of the battle would offer nothing advantageous. If the retreat is begun in broad daylight, and the victor is pressing very hard, part of the fresh troops are used for covering the retreat, forming a rear-guard. Should the battle with the rear-guard detain the enemy, if only for an hour or two, the defeated army has time to retire in safety, and the approaching darkness gives the rear-guard a chance of retreating. Such order was impossible when a battle on a limited space was decided by great armies in a short time, when the defeated had neither time nor place for flight, and all were destroyed. The destructiveness of pursuit became less with the changes that were connected with the introduction of firearms.

And so modern battle, when compared with all battles of the ancient times, and the Middle Ages, and the first century of the era of revival, is found to differ in one respect, namely, that it takes place at a greater or smaller distance, but without the direct collision of the combatants.

Instead of swords, spears, maces, and bows, the weapons of death are rifles and cannons, acting by powder—appliances which, using the elasticity of the gases formed by the combustion of the powder, throw projectiles at the opponent; these projectiles killing and wounding men and destroying

defences and fortifications. From the time of Gustav Adolphus powder and shot were carried in the shape of cartridges. When fighting under the command of Frederick the Great each soldier carried sixty cartridges. The order of battles was entirely changed. As the troops were placed in thin lines, instead of in the former dense masses, every soldier had the means of striking the enemy. At the first glance one might have supposed that with the aid of the muskets in use at the commencement of the last century, battles should have been terminated by the almost total annihilation of the contending armies. A thousand men, each having fired sixty charges, ought to hit ten thousand enemies, if only one bullet out of six hit the mark. With opponents of the same strength, the fusillade exchanged between them for even so short a time as an hour, ought to have left very few living on either side, if only one out of sixty bullets was well aimed. In reality, nothing like this occurs. The loss from gun-fire is many times more than the loss from darts, bows, slings, and crossbows; but, nevertheless, there can be no thought of total destruction. For detachments of several thousand soldiers the loss of a tenth part is considered very large, and a loss of 20 per cent. from the enemy's fire seems excessive. The larger an army is, the fewer, comparatively speaking, fall from the ranks, even though the battle may last from dawn of day to fall of night. The ratio of the number of bullets fired to the number striking the target is something incredible, and were it not for a series of experiments conducted in times of peace, such a waste of bullets in actual warfare would have been thought impossible. We cull several interesting statements of military authorities from a French expert's volume.[1]

"Huber supposed that a million bullets fired in battle killed or wounded not more than 2,000 men.

"Hassendi affirmed that only one of 3,000 shots was successful.

[1] See monograph of General A. Pouzyrevsky, "Infantry attack."

"Piober says that from the result of wars of long duration it is evident that from 3,000 to 10,000 bullets were fired to kill or wound one man.

"This series of statements obliges us to accept the inevitable deduction which can explain these eloquent figures; that nearly all shots are fired at random, or with very poor aim. The shooter retains the capacity of good aim, but agitation of the nervous system and the blood prevents the gun from being kept steady in the hands; even if the gun rested on anything, a part of it would always be affected by the agitation of the man. Moreover, the soldier hurries to fire the shot which may, as he hopes, add to his safety by putting an opposing unit out of action. If the fire is lively, this faint impression, although not formed in the soldier's mind, acts with force, with all the power of the instinct of self-defence, even in the hearts of the bravest and firmest soldiers, who then fire at random. The greater part fire without bringing the gun to the shoulder."

These are the words of a man of great experience in actual warfare. A participator in the Algiers expedition, the Crimean and Italian campaigns, this writer was killed on August 18th, 1870, at the battle of Vionville. The observations expounded in the above extract were made on tried regiments of the French army. Void of the official eloquence of reports and the conditional veracity of correspondence, these lines, for the most part written down from the lips of persons well qualified to utter opinions on this matter, reproduce unvarnished facts. It is understood why so many bullets wound only the wind. He explains with clear conclusiveness that rifle-fire is not merely a means of destruction, but a method of making an impression on the moral state of the opponent. The action of rifles and artillery projectiles proves still less destructive and more morally impressive. Indisputable statistical data show that the number killed and wounded by artillery fire is many times smaller (wars of 1870–71) than by bullets.

Certain military authors call artillery "a weapon of impression." Goltz, from his personal observations, relates that shooting detachments, protected by such defences as stone walls, fire with very good aim, but that one grenade striking their ranks is sufficient for their fire to become far less dangerous. Considerable numbers of artillery projectiles are used in silencing the opponent's artillery. Cannon predominate in influence in sieges, where it is necessary to destroy various fortifications, entrenchments, and buildings. In field fighting it is different. Artillery fire can scarcely inflict any damage upon cavalry when riding to the attack. Against infantry, artillery projectiles serve as the means for preparing the attack, and generally as a method of discouraging, and not of destruction.

A rifle bullet is far more dangerous for the soldier. No matter how bad the firing be in battle, hundreds of thousands of human lives have been lost during the last three centuries from wounds produced by small pieces of lead projected from gun-barrels by the force of the elasticity of gunpowder gases. The reason of the danger of this weapon is clear: too many bullets are fired at the opponent, and the exposure to this leaden hail continues too long for the smallest percentage of striking not to kill or wound.

Let us look how the changes in the system of arming and the successes of science influenced the deadliness of rifle-fire.

The introduction of iron ramrods by Frederick the Great was a change which threatened (so it seemed to contemporaries) to increase enormously the destructiveness of gun-fire. The first competition between iron and wooden ramrods occurred at Molvitz. "The Austrians still used the wooden ramrod; their discharges followed one another at long intervals, the Prussian volleys thundering at the rate of six per minute." The Austrians lost the battle. The rapidity of fire, as the historians think, was, if not the only cause of victory, at least one of the causes of the success of the side able to ensure it. The ranks of the Austrian

army were discouraged because the breakable wooden ramrod prevented them from equalling the quick fire of their opponents. The soldier who attempted to fire more rapidly inevitably broke his ramrod, and remained weaponless. Notwithstanding the plain inequality of arms, the victors and vanquished incurred nearly the same losses, for about 5,000 Austrians and over 4,000 Prussians fell in the battle of Molvitz; at the decisive moment of the battle, the loss was 960 on one side and 966 on the other.

It is evident that the more rapid fire influenced the aim.[1] With a larger number of shots, the number hitting the mark was evidently the same as with slower fire. The troops possessing guns capable of being discharged more rapidly, might acquire a moral element of success, but the expectations of the destruction of the enemy by a rapid fire were not realized.

During the period of Napoleon's campaigns the destructiveness of rifle-fire was increased to a marked degree. No great changes occurred in the construction of the guns, except the widening of the pan, which improved the method of igniting the charge. At that time nearly all important powers possessed guns of the same style. No fears were expressed of the victory being gained by the side possessing deadlier weapons for throwing projectiles. No country claimed for its armament that degree of improvement which threatened the opposing army with destruction. All the infantry of all nations was armed with smooth-barrelled guns and round bullets. Meanwhile all the battles of this period were remarkable for great slaughter. The battles at Preussisch-Eylau and Borodino astonish the student

[1] Regarding the conquests of Frederick, Marshal Moritz of Saxony, a commander and military author, says: "The speed with which the Prussians load their guns is profitable in this respect, that it occupies the soldier, and prevents his thinking of the enemy. It is wrong to consider that the five lost battles, gained by the Prussians, were the result of their shooting, as it was observed that in most cases the number of Prussians killed by the fire of their opponents was greater than the latter killed by the Prussian fire."

by reason of the great number of men killed and wounded. During a snowstorm, February 8th, 1807, Napoleon's army encountered the Russian troops between the Vistula and Königsberg. The battle was very fierce, tens of thousands fell, but neither one side nor the other gained a victory. The terrible losses so disordered both armies, that on the day following the battle, the French and Russians separated in opposite directions, and the military actions were suspended.

The enormous losses on both sides are explained by the firmness with which both armies stood their ground. Among Benigsen's troops there were many who had taken part in Souvarov's campaigns, who had beaten the Turks, the Poles, and the French. The bloody hecatomb, which resulted from the undecisive battle at Eylau, proved that the mutual persistence of the combatants increases the destructiveness of the battle in a greater degree than any improvement whatever in the appliances of war.

Five years later a still more destructive battle was fought at Borodino. Napoleon had about 130,000 men; Koutouzov with the Cossacks, but not counting the militia, had about 110,000 men. When darkness put a stop to the battle, the numbers of Russian and French killed reached the astonishing figure of 80,000. The arms were the same as those used at Eylau.

The destructiveness witnessed at the battles of Borodino and Eylau was caused by the unusual persistency and firmness of the combatants. Napoleon's soldiers saw the termination of long labour in this battle, and hoped, having defeated the enemy, to reach Moscow where, as they thought, in addition to glory, rest and complete satisfaction awaited them. Having wintered in legendary Moscow, they, after concluding peace, would return triumphantly with their beloved leader to their native land. Stronger feelings inspired the army of Koutouzov. The enemy had advanced to the heart of Russia; every soldier understood that he was defending his native hearth. Some seventy miles

away there stood the sacred places of Moscow, which had to be protected at any cost.

With very nearly the same tactical organization, the opponents were not inferior to each other in discipline, and equally trusted their leader in the death-struggle. The collision between armies devoted to and inspired by great generals led to the fall and extinction of entire regiments, the repeated capture of numerous unfinished entrenchments, the defence of positions with terrible losses, and repeated attacks without reinforcements. The slow-loading, smooth-barrel guns which carried only four hundred paces, and even then with no particular accuracy, proved at Borodino more deadly than any projectiles, as each shot felt the influence of the rise of feelings and self-denial, which made this battle famous; the bayonet also did hard work in this desperate and unexampled struggle.

Forty years after the termination of Napoleon's wars, rifles and conical bullets made their appearance, the range was trebled, and a considerable gain in accuracy was effected. The armour remaining in cuirassier regiments became a parade decoration, as the new projectile did not flatten against the thin metal plates, but easily penetrated them.

When in 1854 the allies landed in the Crimea, and after defeating Prince Menschikov's corps at the Alma, besieged Sebastopol, in Russian society the failure encountered was ascribed to the superiority of the rifles of the French and English, in comparison with the smooth-barrel guns of the Russian army. The possession of long-range and accurate rifles certainly gave large advantages to the invading armies, but in time it became clear that the fall of Sebastopol and all the failures of the Crimean campaign had other reasons. The Black Sea fleet was obliged to hide in the port, and could not prevent the landing of the Allies. The following battle of the Alma was certain to be a failure for the Russians, owing to the superior number of the enemy. The defence of the Crimea was not entrusted

to a general who by his great military talent could make up for the weakness of the army. When the famous siege commenced, the difficulties of communication for the Sebastopol garrison, and the ease of the same for the Allies, were not slow to appear. Steamers were continuously and rapidly bringing reinforcements, supplies, and provisions for the invaders. The defenders of Sebastopol were obliged to be satisfied with the existing means of communication, with the transport of their supplies along the bad roads. The incompetence of officials in the times antecedent to the reforms had delayed the construction of railways. In Western Europe the building of railroads was quickly advancing at the time when in Russia, from Moscow to the shores of the Black Sea, over a distance of more than 13,000 miles, the post-cart, with three horses, and the heavy train of old-fashioned wagons, were the only means of communication.

The predominance of the enemy on the Black Sea, and his superior means of communications sufficiently explain all the Russian failures in the Crimea, and there is no necessity for blaming the inferiority of the armament. A certain number of rifles arrived at the front in time, but soon after the commencement of the siege the opponents came so near each other that the advanced trenches of the Russians and the Allies were separated from each other by only a few yards. Thus the advantage of rifles was lessened. The tremendous losses which both sides incurred are explained by the proximity of the opponents to each other and the long time that they were so placed, also by the equal valour of both sides. The number of killed and wounded would not have been less, even if the besieged and the besiegers had not used rifles, bombs, and war-rockets.

The two great battles at Inkerman and the Black River are still less connected with the change in arms. The relative loss of the conquerors and the vanquished was not greater than in the foregoing wars, when smooth-barrel

guns were in use. The want of success of the Russians depended chiefly on tactical blunders, and the absence of initiative among the leaders; no one dared or desired to do anything without orders. Though fortunate in being in command of heroic troops, Russian generals are too often languid and incoherent as regards their plans. Russia had an experience somewhat similar to that forced upon Prussia in 1806 by incompetent advisers. The defence of Sebastopol is justly considered a great redeeming feature. The outrageous state of affairs during the epoch of confusion weakened the military power of the kingdom. The inferior armament represented only the lesser fault.

The Italian campaign of 1859, between the French and Sardinians on the one side and the Austrians on the other, terminated after two battles lost by the Austrians at Magenta and Solferino.

Both sides were armed with muzzle-loading rifles. Success was gained owing to the French army, for which, as for the Hungarian and Slavonian regiments of Franz-Joseph, this war was an affair of glory and high duty. No fierceness was or could have been displayed, and for this reason the numbers who fell in battle were not great. According to the statement of a trustworthy expert, the new pattern of rifles did not prove more destructive than the old smooth-barrelled weapon.

Quick-firing, breech-loading needle-rifles were invented before 1836, and were introduced to the entire Prussian army in 1841. But not a single European army thought it useful to follow the example of the Prussians. If we do not consider the civil riots of 1848, the first real test of the new rifles was made in 1864, during the allied campaign of the Prussian and Austrian troops against Denmark.

Neither the Danes, defeated in the unequal strife, nor the victorious Austrians, thought it necessary after the conclusion of peace to introduce quick-firing rifles. The success of the Danish war is explained by the superior numbers of the allies.

Two years later the allies became enemies. The war of 1866 astonished every one by the decisiveness of the victories and by its rapid termination. All the armies put into the field by Austria, South Germany, Hanover and Saxony were defeated in less than a month's time.

In contrast with the war that dragged on for seven years in the last century, war for only seven weeks produced greater results. When the causes of such a rapid success were sought for, the opinion spread that its cause was the breech-loading needle-gun, which fired ten shots a minute. Up to this time all governments that had had time to introduce rifles into their armies looked at the famous Prussian needle-gun with no interest. But after Königgrätz all eyes were opened. It is said that even Dreyse was disappointed with his own gun, when he received intelligence of the small number, which he considered very moderate, of Danes and Austrians killed. The public opinion was different. It was thought that the Prussians had conquered because they had showered upon their opponents a leaden hail.

In military circles it was plainly seen that the Prussians would have conquered with other weapons. Nevertheless, quick-firing rifles, treated with contempt during twenty-five years, were now acknowledged to be an important element of success in war. All rifle manufactories fell into a state of feverish activity. Dreyse died in 1867. His fame produced hundreds of imitators. The Government of Napoleon III. made all efforts to re-arm the troops. The French army introduced the Chassepot gun, which fired as rapidly as the needle-gun, but was of longer range and simpler construction. The French tried their new arms in 1867, during the defence of Rome against the volunteers of Garibaldi. Gaining a victory at Mentone, the commander of the French division, General Fally, reported to Napoleon III. that the rifle of Chassepot had worked wonders.

CHAPTER III

Lessons of the Late Battles

WHEN, in the spring of 1870, France and Germany were preparing for the war, and concentrating their troops on the Rhine, every one expected that the forthcoming battles would be destructive to a terrible degree. It was the first meeting of two great armies armed with quick-firing guns. A devastating shower of bullets was expected to be maintained by each side.

In addition to their "miracle-working" guns, the French had a terrible machine for firing grape-shot, a kind of death-dealing instrument, belching a continuous rain of missiles. Whole batteries were composed of these *mitrailleuses.*

The war began, and three Prussian armies invaded France. Throwing back the French at Spicheren, and destroying the division of Done at Weissenburg, the Germans moved into the interior. At Wörth, the left wing of the army of the Crown Prince met the corps of MacMahon, and engaged it in battle. On the French side about 45,000 men took part in the action, and over 100,000 men on the side of the Prussians. At the time of receiving intelligence of MacMahon's total defeat, the population of Paris met with the first disappointment concerning those death-dealing weapons, which were expected to crush the enemy's military force. It is true that the Chassepot gun proved to be better than the Prussian needle-gun. But the actual loss was not greater than at the time of muzzle-loading guns. The *mitrailleuses*, which had seemed so promising, in reality proved to be the least dangerous of all artillery weapons.

Nearly all the bullets were shot to the winds. Before the Franco-Prussian war some European armies acquired batteries composed of this vaunted weapon, and others intended doing the same. After the war, *mitrailleuses* were discarded everywhere.

Gun bullets proved to be the most destructive projectiles. The most sanguinary battles were those at Metz, especially the last, near Gravelotte, after which the army of Bazaine was shut up in Metz.

The generals engaged in this battle certainly could not have foreseen all the consequences of the victory won on that famous day. But the greater part of the combatants of each side must have been conscious of the extreme importance of the battle. Every Frenchman, to the last private, saw that the enemy's army occupied the path of retreat, that the loss of the defended position would result in the retreat to Metz, where the misfortunes of blockade awaited them, along with privations, hunger, and, finally, shameful capitulation. The French officers knew very well that with the surrounding of their army, between the enemy and Paris, there remained only the troops of Mac-Mahon, who had been defeated at Wörth. Even supposing that reinforcements arrived in time, they plainly saw there would not be strength to prevent the enemy from advancing to the capital.

The Germans could understand the importance of success. They were fighting with reversed front, that is, facing Germany. In case of victory they would drive the enemy into a fortress, from which he could not remove without capitulation. In case of failure, they, the late victors, might be cut off from their country. The leaders of the German troops strove to capture the enemy's position at any cost.

One of these, General Steinmetz, was zealous to the point of disobedience, and sent his troops to one frontal attack after another, although Moltke had given orders to await the combined action of the surrounding movement, which was

already begun. As an exception to the rule that "conquerors are not judged," Steinmetz was dismissed from the service after the victory.

The battle of Gravelotte must have been fought in a most stubborn spirit. The cannonade was carried on with quick-firing guns on both sides. The battle lasted at least eight hours, and over 300,000 men and 1,000 cannons took part in it.

What were the losses of the French and Germans on August 18th, 1870? Here are the exact figures:—

Killed and wounded—French: 609 officers and 11,705 soldiers.
" " " Germans: 809 " " 19,260 "

The absolute loss was very great, but relatively each army lost less than a tenth part. The needle-guns, Chassepot guns, rifled quick-firing guns, shells, the long cannonade during the firm defence of strong positions, and the series of frontal attacks, proved in the end less disastrous than were the results of engagements fought in the days when smooth-barrelled guns, round bullets and flint locks were in vogue.

The other battles of the campaign of 1870, being less fierce, were accompanied by still smaller relative losses. One of the active participators in this campaign, who served from the commencement to the end in the Chief Quarters of Prince Frederic Karl, making use of his personal experience and deep knowledge of military history, very conclusively denied the general opinion as to the excessive value of infantry fire with modern weapons. Goltz says that the consequence of this fire is exaggerated.[1]

The enemy is vanquished not by the almost total destruction of his forces, but by the destruction of all hope of victory. To quiet minds we may add that the expression "to fight to the last man," is only a phrase, giving to the intention of fighting bravely a rather strong emphasis. It would sound very strange, if an army should make a promise to fight

[1] *The Nations in Arms*, p. 10.

till a loss of 20 per cent. of its total number was arrived at, although in reality such a loss would be more than sufficient. As a general rule, half such a loss on either side is sufficient to decide the victory. The destruction of a part of the collected military forces prevents the others from further efforts, and puts an end to the struggle. The more sudden and powerful the action of arms, the sooner they will frighten, and we see that with the improvement of weapons of war, battles generally become less sanguinary.

The latter months of the campaign of 1870, which was prolonged, to the surprise of the Germans, till February 1st, 1871, gave military students a chance of observing a very interesting phenomenon. This was the feeble action of every kind of weapon of war when fatigue and a desire for rest dispose of the chief element of deadliness of every battle, namely, the firmness of the combatants.

Winter commenced, and the Germans were sated with victories. The new year was approaching, but the resistance was not yet ended.

Then the energy of the victors began to weaken. Towards the end of a war of long duration the enterprise and the gay spirits of troops generally disappear. Goltz says: "Battles are changed to cannonades, which make much noise, use much powder, but do not strew the field of battle with dead bodies, and which end without any results of importance. The native land certainly does not know of this change, because the consciousness of the decreased activity inspires the actors with the necessity of aiding the affair by highly colouring it. The longer a war continues, the more apparent this colouring, which in the newspapers appears as a kind of equivalent for activity. At the Lizène the entire corps of Werder during all three days of battle sustained the same loss as each of the three brigades of the 3rd Corps suffered at the battle of Vionville, which was of eight hours' duration, less than the 38th Brigade of 5,000 men sustained, and only an equal loss to that inflicted upon the 16th Regiment of infantry during one hour at the

same battle. Notwithstanding this, in newspapers the battle at the Lizène was described as not less sanguinary and severe than the battle of Vionville."

Moreover, Goltz cites an interesting army order of Prince Frederic Karl, dated December 10th, 1870, persistently demanding the careful use of artillery ammunition, which had begun to be used for quite useless fire.

To make weapons of war more destructive such an adaption is necessary as will exclude the use of their extreme qualities —quickness and long range. When fear of the enemy and the wish to approach him and avoid fierce combat cause the tendency to fire, not with good aim, but as frequently as possible and from the greatest possible distance, then the best weapons become of very little danger. During experimental shooting the quality of the weapon is important, but on the battle-field all depends upon the moral element.

When the campaign is of long duration the numbers of the troops are much decreased. As the reinforcements arrived rather late, the majority of German battalions, which commenced the campaign with the usual complement of 1,000 men each, numbered not more than 300 bayonets a battalion in December, 1870. But so severe a loss as this would not arise exclusively from battle, for the troops often suffer more from disease than from the weapons of the enemy.

"It is horrible," writes Goltz,[1] "to see trains packed full with sick soldiers sent daily away from the army while reinforcements from home arrive in driblets, and there are no satisfactory means of arresting this destructive process. The observer is compelled to remember the legions of Sennacherib at Jerusalem. The loss from sickness is almost incredible, and one example is sufficient to prove that these losses may put all success at stake. The sanitary condition of the German army in France in 1870 was very favourable; there were no dangerous infectious diseases. Nevertheless, 400,000 men entered the hospitals during the campaign, in addition to those dangerously wounded."

[1] *The Nations in Arms*, p. 876.

In such a rich country as France, and in such a splendid climate, the army lost four times more from diseases than from battles. It is evident that the force of modern arms, to which public opinion ascribes a devastating power of destruction, presents less danger than infectious diseases and other sicknesses inseparable from the rough life of large camps. Falling asleep near the smouldering fire wrapped up in a wet coat, a soldier prays Providence to protect him from wounds and death, which will threaten him at dawn, when the reveille sounds and regular battle commences. Meanwhile the hours of quiet and rest are much more prolific in calamities than the exposure to the fire of the enemy.

This untrue estimate of relative danger is observed in debates concerning the number of reserves. During discussion of this question at representative meetings the ministries of war find a conclusive argument in the destructive qualities of modern weapons, which necessitate the preparation of a mass of men to fill up the ranks, terribly thinned in times of battle. The argument suffers from incompleteness and gives a wrong idea of the case. Enormous reserves are really necessary, because the army is great and the percentage of sick retiring from the ranks produces a heavy loss which has to be replaced. The loss in battle, reckoned as for the whole army, may be left unconsidered. Should the replacement of all sick men be rendered possible, this alone will be the greatest success of military organization.

When the Russian army, in the spring of 1877, was preparing to cross the Danube, we heard of no improvements in firearms, such as were likely to cause a revolution in the tactics generally approved by all the great powers of Europe. The war in the Caucasus commenced with the capture of Ardagan, and in Bulgaria with General Dragomirov's famous crossing at Sistova.

The first victories promised a speedy end of the cam-

paign. The Russians were armed with a quick-firing gun of Krynk's pattern, though this was in many respects a very bad weapon. Incomparably better "Berdan" rifles were distributed to the guard regiments, which at the beginning of the war remained in the capital, while in the acting army the "Berdans" were distributed only to the sharpshooting battalions. The Turks were armed with excellent Peabody and Remington guns, and the Turkish cavalry was supplied with Winchester repeating rifles, only just produced. While joyous tidings were received from the seat of war, nothing was said of the excessively destructive fire of the Turks. After the defeats at Plevna, reports of the terrible losses caused by the fire of the Turkish infantry began to appear in the newspapers. It was said that, hidden in entrenchments, the Turkish sharpshooters, supplied with large stores of cartridges, fired without aim, but discharged such a number of bullets, that they literally swept away the Russian battalions. It was said that no bravery whatever was capable of overcoming such machine-like tactics.

At the same time other opinions concerning the Russian reverses were made public. Besides the unquestionably excellent arming of the Turks, it appeared that their forces were well organized, and were more numerous than had been expected. In both seats of war the insufficiency of the forces with which the campaign had been opened was apparent. The first and second attacks on Plevna were undertaken with detachments far too weak. The third general attack on the position of Osman Pacha on August 30th was driven back, as eye-witnesses thought, owing to the insufficiency of the supports. At the one point where the genius and bravery of the leader promised a complete victory, no misunderstandings occurred. Plevna would have fallen on August 30th, if Skobeliev had received timely reinforcements on the Green Hills. Russian losses were very great. The number withdrawn from the ranks was about 16,000. But there is no logic in at-

tributing the enormous loss to qualities never before displayed.

If we look into the annals of war, we shall find no small similarity between the victory of Osman Pacha on the well-remembered day of the third great battle at Plevna and the victory of Benigsen over Napoleon at Heilsberg on June 10th, 1807.

In this battle the French attacked the Russian position, which was strengthened by temporary entrenchments, and, after a fierce struggle, were thrown back along the entire line, with a loss of 12,000 killed and wounded out of the 50,000 men who took part in the attacks. Comparing the loss of the French at Heilsberg with the loss of the Russians at Plevna on August 30th, we observe that when unsuccessfully forcing the firmly-defended entrenchments in 1807, against smooth-barrelled guns and cannons, a fourth part of the army fell; while in 1870, when rifled quick-firing arms were used, about 20 per cent. were lost. Plevna was attacked by not less than 70,000 men.

Twelve days after the third attack on Plevna, when capturing the Turkish redoubts at Gorny-Dubniak, the Russian troops had to overcome the fire of the enemy under very heavy conditions, where long range, good aim, and quick loading promised unusual losses. The redoubts erected on the heights had strong profiles. Ditches and trenches for sharpshooters were made in front of the fortifications. All the space in the neighbourhood of the entrenchments was cleared, and what was of great importance, measured and marked out.

The battle commenced at nine o'clock in the morning. After a series of unsuccessful attacks against the chief redoubt, the Russian troops advanced little by little. Before twilight they succeeded in approaching nearer; several battalions were hidden a hundred paces from the enemy. Then a vigorous attack was made from all sides, and the redoubts were taken. Over 20,000 men took part in the storming; the killed and wounded amounted to 3,300. The

loss was certainly heavy, but we should not forget that the battle continued fully nine hours, during which time the Russian troops were always under fire, the enemy was excellently prepared for defence, and complete victory was preceded by several unsuccessful attempts to rush forward. Considering the loss at Gorny-Dubniak in comparison with other battles, there is no foundation for the belief that the destructiveness of battle had increased with the introduction of new weapons.

Long-continued peace among cultivated nations is attended by increased war preparation. The general advance of technical knowledge, and especially the progress in the science of explosives, in which D. J. Mendeleyieff puts so much hope, led to the invention of firearms of a new type. Instead of powder composed of sulphur, saltpetre, and charcoal, a more powerful explosive has been adopted, which, in its component parts and manufacture, bears a close resemblance to pyroxylene. The advantages consist in greater force and less smoke.

The calibres of guns and bullets have been diminished. The latter have received a hard metallic coating which, by covering the lead core, prevents the missile from flattening against hard substances. The so-called magazine is added to the lock, enabling the soldier to fire several shots one after another, as if he were firing from a revolver.

A method has been found of loading artillery shells with dynamite and other compositions, equal to it in force, instead of with ordinary powder.

Battle is thought to present horrors unknown to our forefathers. In comparison with the new arms, the single-charge guns firing with powder, which seemed not long ago so destructive, may now be regarded as an obsolete weapon. Now there will be no clouds of smoke hiding the targets from the shooter. With remarkable accuracy bullets can be showered on an enemy by troops using the magazine appliance, at intervals of one or two seconds

between shots. Each soldier receives two or three times more cartridges, although the total weight remains the same as formerly.

The long range of the new gun is almost fabulous. At a distance of 4,000 yards it kills. At a closer range the small bullet can pass through several men. The new gun threatens to sweep away all before it. Martial distinction will be abolished by it. It is only necessary to catch sight of the enemy and to commence showering bullets upon him, and then both the brave and the cowards will be destroyed. If either side makes an equally successful use of masterly weapons, the frightened imagination represents battle in the near future as a mutual butchery, and it seems that only a few victors will remain after the conquered have been utterly destroyed.

The magazine-gun of our day, with its advantages of smokeless powder and long range, is the weapon which, according to the opinion of many, promises mankind a stern but salutary perspective of the total discontinuation of wars, owing to their incredible destructiveness. The hopes are evidently founded not on the destructiveness of war on all counts, but on the excessive deadliness of each and every battle. History with logical conclusiveness tells us that wars terminated in the general extermination of the conquered nation, even in the highly civilized times of ancient Greece. Vanity and greed inclined civilized nations to decide upon war without the least hesitation, with the conviction that, in case of failure, death was the best lot that could befall the defeated; those who survived were threatened with shameful, compulsory, and wearying work. Old men and children were murdered, the wives and daughters were destined for the pleasure of the victors. Such was the termination of war for many ages, even when the civilization of the warring sides was at a moderately high level. Consequently, the hope of war being discontinued owing to the extreme misfortunes following it is very shadowy.

LESSONS OF THE LATE BATTLES

The latest theory, that war will kill war, expects that the technical improvements in all classes of death-dealing instruments will make battle and the collision of armed masses, if not impossible, at least more and more improbable.

Comparing the newest arms with the guns which have of late been distributed to all important armies, it can be seen that the new system of destructive agents gives an advantage, materially, but not morally, when these weapons are used by only one side. In the opposite case, when both fighting forces have had time to complete their armaments, the conditions of battle remain the same as in the days of Napoleon and Frederick.

The employment of smokeless powder prevents that veil from forming which, except on windy days, used to interfere with the effectiveness of the battery, especially after several volleys had been fired. For artillery practising in times of peace the improvement is of no great value, but in battle the case is different. First, we see how badly the infantry aims, when bullets begin whistling round them and shells are bursting. Secondly, when both sides are using smokeless magazine-guns, there is no longer any target presented by separate puffs of smoke or lines of smoke. The approach of the enemy becomes less dangerous at a certain distance. It is said that at the Berlin manœuvres it was particularly noticed how great an effect upon skirmishing had been made by the introduction of smokeless powder. Smokelessness is a casually discovered quality of the new powder. No inventor searched for this quality. In the future there is a possibility of the combination of the two kinds of powder—smoky and smokeless—for the purpose of masking the forces as much as possible, by alternately using and getting rid of the smoky veil so as to advance with smaller losses. I think that experiments to this end have been made in England.

The increase in the range of rifles, to a degree formerly

not attained even by artillery, will have serious effect only on sieges.

The firing at immovable and large targets at distances more or less known is facilitated. Besieged or blockaded towns are generally protected by small forts advanced to their front, which are not afraid of long-range gun-fire. In field war the range of an effective shot is limited by the unchangeable qualities of the instrument known as the human eye. Thus the new gun's importance does not consist so much in the increase of the range, which will rarely be of use, as in the increase of the range of straight, and not curved, fire.

While not so very long ago 300 yards was about the limit of a straight shot, a distance of 800 yards has now been commanded in the same manner. As such a distance is within range of clear sight only, the straightness of fire of the new gun should evidently change the tactics of attack and defence. The increase of loss in certain favourable conditions of fire can take place in certain parts, at certain moments of the battle. Generally, the increase of material destruction of fire from weapons so unquestionably improved is doubtful. Firm defence will consist in fire at a short range and in counter attack. Successful attack, as formerly, will consist in a decisive rush forward.

The preparation of an attack by artillery and gun-fire, the utilisation of the ground for the possible shelter from the enemy's shot and bullets, the movement of the chain and reserves, all, as before, must end in a vigorous attack with the bayonet as the surest method of overcoming the enemy. When neither one side nor the other desires to approach the enemy, the battle results in the effort to throw the greatest possible quantity of shot from the greatest possible distance, then battles assume, according to Goltz, a special character: reports become excessively eloquent, weapons are subjected to the maximum work, a great number of cartridges is used, but the loss decreases and the aims and results of battles become smaller.

General opinion is apt to ascribe the most destructive qualities to the invention of the magazine mechanism of gun-locks. In the eyes of military authorities the mere fact of the new rifle being able to work with such marvellous rapidity will never be a matter of supreme importance. The greater number of bullets fired in the same period will not increase the hits. The era of the introduction of the iron ramrod and the era of the invention of the quick-firing rifle equally demonstrated the great difference between results gained on the rifle-ranges and in actual wars. Moreover, having emptied the magazine, it is necessary for the soldier to pause rather a long time in order to fill the magazine with new cartridges. Owing to this, if we take the period necessary for the use of several dozens of cartridges, the rapidity of firing from a single-charge gun and a magazine-gun is equalized.

The increase of the number of cartridges carried in a soldier's pouch, possible owing to the diminished bore, presents the most valuable improvement of late years, although not an improvement in the sense of increased deadliness. The force not supplied with at least a hundred cartridges per soldier, for even one long battle, carries on a smart, though comparatively less dangerous, fire. A larger quantity of cartridges is important in the sense of facilitation of supply. Consequently this improvement, while affecting the character of the battle very slightly, renders necessary a number of improvements in the transport service of the army.

The advantage of the smokeless magazine-gun over the smoking single-charge gun is not altogether overwhelming. Nevertheless, all nations decided the question of re-arming, and with feverish haste rushed to introduce the latest type of arms. Sometimes the knowledge of inferior armaments serves as an inspiring stimulant.

If the possible antagonist and powerful neighbour has succeeded in supplying his army with guns of a newer and better pattern, fear of the unpleasant influence of inferior

weapons upon the spirit of the troops, causes it to become imperative that his example should be followed. It is clear to military experts and staffs that the stated difference in arming is not likely to increase the total loss in battle, and the chances of each private being killed or wounded will hardly be increased, because, in place of bullets from a Dreyse or Chassepot gun, bullets from a Mauser or Lebel will fly around him. But for the simple-minded peasant, getting ready for war, it is important to know that the weapon which he is handling is not inferior in deadliness to that of his antagonist. When, after a tiring march and several hours of morally exhausting battle, a soldier lying in a chain under the continuous threatening of death or wounds from a rain of projectiles, becomes oppressed by the feeling that the enemy is firing from better arms, the steadiness of the troops may lose much, whether the loss in men be great or small.

The latest arms have been tested in battle. In 1891, in Chili, the attempts of President Balmaceda caused a fierce civil war, in which both sides were properly organized. The struggle between the armies of the man aspiring to be Dictator and the forces collected by the Congress party lasted with varying success for several months, from January to August. The greater part of the navy took the part of the Congress, much to the detriment of Balmaceda's scheme.

The commander-in-chief of the troops of the Congress, General Canto, succeeded in August in collecting and drilling 10,000 men and organizing a small army of all kinds of arms. With these forces he landed forty miles northward of Valparaiso and advanced against the main army of the Dictator, which occupied a strong position near the mouth of the Anangua, a river flowing into the ocean half-way between the place where the troops of the Congress landed and the chief seaport of the country.

One of the three infantry brigades of the army of the

Congress, numbering 3,500 men, was armed with small-bore magazine-guns of Männlicher. When the battle commenced, and the troops of the Dictator, who were armed with single-charge guns, and were stationed in strong trenches, opened fire on their adversaries, General Canto received unexpected help.

While engaged in reconnoitring service, the cruiser *Esmeralda* chanced to approach the mouth of the river at the moment when the battle commenced. Noticing the line of the enemy's troops along the left bank of the river, the commander of the cruiser immediately began to fire on them with his long-range guns. The fire caused great destruction and consternation in the ranks of the enemy, because the cruiser was subjected to no danger, consequently the firing could be quite cool, and, furthermore, the shots raked the lines of trenches.

This very heavy fire directed against the Government troops, continued for an hour and a half. As Balmaceda's men were able to fire only from the front, their left flank and rear were torn to pieces by shells discharged from a shot-proof battle-ship out of range. Finally General Canto ordered his troops to cross the river, which had become deep owing to recent rains. The passage of the stream and the attack of the strengthened heights, notwithstanding the heavy fire of the defenders, were crowned with success.

The first line of trenches was deserted by the riflemen. Without any loss of time General Canto began the attack of the second line. Then the commander-in-chief of the army of the Dictator, considering it impossible to hold out any longer, gave orders for the retreat, evacuating his fortifications. The retreat was commenced in order, but several cavalry attacks soon changed it to a disorderly flight. Then General Canto's brigade, armed with small-bore magazine-guns, followed the runaways with fire.

Miserable crowds appeared at Valparaiso. Explaining his defeat to the Dictator, the commander-in-chief attributed the disaster to the rifles used by his adversaries.

The collapse of his men, he declared, was due to Männlicher's gun. According to the report of the defeated general, the Dictator's forces lost about 1,000 men killed and 1,700 wounded; 1,500 were taken prisoners, and 1,500 were missing.

The captured followers of Balmaceda, who immediately took up the cause of the opposite party, confirmed the opinion of their leader. It is better, they protested, to be shot than to fight with single-charge guns against quick-firing magazine-rifles. These statements strengthened the belief of the other side in their weapons. The degree of destructiveness of Männlicher's magazine-guns evidently specially interested the Staff of General Canto. After the victory a calculation was made of what portion of the fallen had been killed or wounded by Männlicher bullets. It appeared that the loss caused by the magazine-guns was about 56 per cent., whereas, according to the relative number of men armed with these rifles, the normal proportion ought not to have exceeded 33 per cent.

The evidence gained from the fighting that has just been described is considered incomplete by military experts, and not of a nature to serve as a base for a final verdict in respect of the real value of the magazine-gun. There can, however, be no question that the figures quoted by us made a marked effect upon military experts in Europe.

Two thousand seven hundred men were killed and wounded out of 10,000. The statement is more likely to have been exaggerated than minimised, owing to the desire to represent the battle as fierce and the fire of the new rifle as irresistible. The battle ended in a general rout of the vanquished in broad daylight. Cavalry attacks and long-range bullets took part in the pursuit. Under these conditions the loss of the fourth part in killed and wounded does not present anything unusual for an army of 10,000 men. Any chapter of military history during the last two centuries presents a series of cases in which the relation of loss to the number that escaped was not less.

Some of these 2,700 were destroyed by the fire of the man-of-war. The cavalry must have cut down many when pursuing the panic-stricken crowds. If we reckon the number that perished from the fire of the cruiser, swords, and the hoofs of the horses at only several hundreds, to the share of the rifle and artillery fire of General Canto's army, which advanced from the front, will fall not less than 2,000 men. Deducting the loss caused by the cannon, we see that the vanquished army lost from 1,700 to 1,800 men owing to the most terrible factors of modern warfare —rifle bullets. From this number of men lost, the Männlicher magazine-guns destroyed, if we may believe the newspapers published in Chili, not 33 per cent., as might have been expected in view of the number of soldiers armed with this rifle, but 56 per cent., and a large destructiveness is attributed to this new weapon. The description of the battle helps us to understand this high percentage of loss. We saw that the brigade armed with magazine-guns fired at the defenceless crowds of the enemy's broken troops. The pursuit of an antagonist fleeing from the battlefield unsupported by a rear-guard, must always be an opportunity for effective weapons to excel in destructiveness.

In 1893, when this chapter was written, the Chilian campaign was the only one in which smokeless powder and magazine-guns had been used. We shall be told that the successes of science are so great that in the near future further improvements in destructive weapons must be expected. If the results achieved in actual fighting by the new quick-firing weapons disappoint inventors, the magazine-gun may mark the limit of effectiveness. Believing this to be possible, we have allowed ourselves to enter into certain details and calculations. Since the campaign in Chili the following wars have occurred: the Abyssinian, the struggle between China and Japan, Greece and Turkey, Spain and America. We have no verified data of these campaigns, but several facts are very instructive, and serve

to emphasise once more the falsity of the doctrine that war will kill war.

The Italians at Adowa were armed with all the best types of the latest deadly weapons. Magazine-guns, smokeless powder, shells filled with new explosives, long-range canister—all were present. The results are known. Menelik's troops possessed something called artillery. After the battle all the Italian batteries became the booty of the African victors. The guns and cartridges of the latter could neither by quantity nor quality be compared with the armaments of the Italians. But the decisive element appeared in the shape of the African cavalry, armed as in the time of the Pharaohs, who attacked Ethiopia before the erection of the pyramids.

Regarding the war between China and Japan, there is no information of the excessive destructiveness of infantry and artillery fire. Frontal attacks and storming operations succeeded, owing to the lack of steadiness and organisation among the Chinese troops. It is evident that a bad army cannot be a dangerous opponent, however good its weapons may be. One thing is true—the results of the war of the yellow races would not have been different, even had the Japanese been armed with guns of the old type.

The war between Greece and Turkey broke out suddenly, and was suppressed by salutary and powerful interference. Of the first great battle it is known that the Greeks, having crossed the frontier on the north of Thessaly, stopped as soon as they met with the first resistance. Until the Turks commenced advancing, the fire and cannonade continued the whole day, detachments of fifteen and twenty battalions on each side taking part in this, armed with guns of the latest pattern, and with terrible artillery placed on the wooded heights. The loss of each side amounted to 300 men.

Of the battles, thanks to which Cuba was captured by the Americans, there is little information at our disposal, but it is known that one town, at least, was taken by open force.

The belief in the rapid and unlimited growth of exact sciences deserves attention. But a certain moderation of hopes is necessary here. No matter how much we may expect from the coming generations, we ought to abstain from such uncertain prophecies as must naturally be accompanied by fancifulness.

The test tube in which man has been artificially produced by a chemical process, the apparatus for aerial navigation, the tunnel under the Atlantic Ocean, the sausage of fir-cones proposed by the great satirist for the provisioning of armies and navies, the development of hypnotism to second-sight and healing at a distance—these are the creations of human fancy.

Poets, men of science, and satirists, supply us with a series of useful cautions.

We think that the excessively destructive arms of the coming ages ought to be classed in the same series of illusions. Remaining in the region of reasonable expectations, we may say that the coming future improvement of arms will most likely consist in the increase of range, straightness, and a quicker discharge, but the real efficiency will not, we think, be greatly altered. We may add that in all probability the mechanism of weapons will be simpler and the weight considerably smaller. Whether such changes are capable of increasing the devastation of battles, may be judged by the series of facts taken from the history of war and stated above.

If we compare the stubborn battles fought by Napoleon, when guns were not remarkable for effectiveness beyond a distance of 300 yards, and one-third of the combatants fell, with the battles of the Franco-Prussian campaign—battles costing in death and disablement less than a fifth of the number of men engaged, although guns could then be fired ten times more rapidly and to a much longer distance, we shall have evidence in support of the view advanced and emphasised in preceding paragraphs.

This is what General Dragomirov says of the present improvement of firearms:—

"The apparent lessening of the importance of the bayonet arises from the fact that it is not improved. It is manifest that if of two allied agents one remains unaltered, while the other is changed, being at the same time further developed, the instrument remaining constant to the old standard runs the risk of diminishing in value. At the same time we forget the plain fact, that gun-fire, though it improves, in no respect changes its real qualities any more than it changes its chief feature, namely, that the result produced by it is never decisive now, and never was decisive formerly, and that to accomplish the main object it is necessary to end with that which has so often ended matters—a bayonet attack." [1]

According to the opinion of another military authority, in future the conditions of battle may be radically changed, but not in a manner chiming with the expectations put forward by those who nurse such theories in regard to the suppression of war as we have discussed.

According to the opinion of Goltz, the excessive increase of the number of armies must finally cause a reaction.

He writes: "A day will dawn when the ruling features of warfare as at present conducted will disappear; the forms of weapons, methods of use, and opinions in regard to tactics will change again; the time will probably come when the huge armies of the present date will no longer be considered indispensable. A new Alexander will appear, who with a handful of excellently armed and drilled men will disperse the masses, should they, in their efforts to go on increasing, lose vigour and elasticity, and, like the Chinese warriors of the Green Banner, be changed to a peace-loving crowd of citizens."

In the foregoing description we strove to show that results springing from the collision of armed masses depend,

[1] *Manual of Tactics*, edit. 1891, p. 9.

in a greater degree than on any system of arming, on factors that are moral rather than material. Disciplined troops, although badly armed, will certainly overcome a numerous, well-armed crowd, which is suffering from a need of internal union.

Ages have passed without working any changes. At this time of magazine-guns and melanite bombs victory depends on the same radical conditions as in the days when phalanxes and legions drove away undisciplined hordes of brave barbarians. If the conscious activity of the future generations of civilised nations should choose a course antagonistic to perpetual peace, and war should not be destined to be discontinued, the aspect of battle will change not from the introduction of arms of a new pattern, but from the great progress in the science of forming, drilling and leading troops. But it is possible that the spread of education, which will give the future soldiers a degree of development that is accessible at the present only to a few, will aid the new Alexander of whom Goltz writes, to create a small army, in which discipline will be elevated by the conscious obedience to a master will—an army whose behaviour at drill will differ very slightly from its actions when engaged in battle.

The well-known expression, to the effect that at "Königsgratz the school-teacher conquered again" will in the future ages have a far deeper significance. Victory will become the lot of those who shall excel at one and the same time in bodily and mental powers, as the Greeks were wont to do when their nation was in its prime.

The dispelling of the illusion common among supporters of the doctrine that a salutary effect will be made upon contemporary events by new weapons of increased powers of destruction ought to prove a very useful agent in the cause of peace. The erroneous theory which affirms that war is capable of killing war, without any conscious efforts of mankind towards its discontinuation, belongs to deductions based upon the idea that the best will be evolved from th

worst. This kind of theory is filled with weak, demoralising and injurious fatalism.

The greater the conviction of the unreasonableness of this kind of hope in respect of this problem, which is the greatest to be solved by the advancing age, the better it will be. We are quite convinced that the discontinuation of war is possible. War will disappear in the same way as slavery disappeared, not from causes which depend very little or not at all on human will, but from the effect of conscious efforts made with a view to eradicating from contemporary life much that at present breeds and nourishes enmity among civilised nations.

CHAPTER IV

International Federation and International Justice—Eternal Peace Projects of the End of the First Half of the Nineteenth Century

WITH a feeling of relief we now turn to the analysis of an entirely different problem, which is, the means of suppression of war.

The course proposed by the supporters of international federation and international justice differs from the course proposed by supporters of the progress of weapons of destruction, much in the same way as legal remedies differ from various forms of violence. Indeed, the noble efforts to get rid of disastrous appearances by straightforward, honourable means should be commended without stint, especially when we compare these efforts with fatalistic expectations. Although the institution of international courts and journals does not ensure eternal peace, as we shall soon be able to demonstrate, and although another plan for the suppression of war will have to be chosen, nevertheless, while not agreeing with the expediency of unripe conceptions, we must acknowledge that this scheme is full of great potentialities for the education of human self-consciousness.

When speaking of the misfortunes caused by the wars of the current century, we cannot use exaggerated terms. In former times wars may have been more devastating, the act of battle more murderous; the total of suffering and destruction was undoubtedly greater. But while studying the wars of past ages we are compelled to remember that

many battles were followed by massacres, and by unrestrained licence upon the part of the victorious troops.

Slavery, tyrannical governments, ignorance, moral and mental, have so burdened the lot of man that more than once war has caused evident improvement and relief. But at the close of the nineteenth and commencement of the twentieth century, periodical wars between civilised nations represent the greatest universal calamity.

We have arrived at the degree of cultivation at which all difficulties and all misfortunes oppressing man and mankind may and ought to be settled by peaceful and legal means, without stoppage of the quiet flow of private and public affairs.

The possibility of civil war in any of the European countries becomes less every decade. Social diseases and burning political questions have little power nowadays to cause a revolution. Salvation coming through violent commotion is a remedy preached only by extreme agitators. But their activities and conclusions are entirely exceptional, and have so little attraction for thinkers of a less provocative type that, when we are discussing the contemporary condition of civilised nations, it is hardly necessary for us to consider them. The order of legality is firmly rooted, partly in the institutions, and partly in the habits, morals, and wants of the leading nations; finger-posts are set up pointing the way for future development, and for necessary political and social reforms. There remains only one great obstacle, one grievous inheritance of former times—*war*. The present generation should certainly feel that the consequences of war are unduly severe. Mankind has reached a state which promises the happiest changes in the event of wars being suppressed. On the contrary, if war proceeds, progress is doubtful in its real significance as an improvement in the welfare of the multitude, so as to enable all populations to enjoy the share of happiness which nature has provided for mankind. At the present time, more than at others, war will be connected with poverty

and sufferings, and peace with welfare and moral perfection.

The enormous expenses of the maintenance of armies and navies in times of peace and the continuous increases in national armaments are yearly growing larger, and the incomes only succeed in expanding when the ability and boldness of financiers invent at the proper moment means for enlarging the paying capacities of the population, which are already severely tested.

The burden of sacrifices for martial necessities and the introduction in nearly all countries of a law for compelling all young men to undergo a period of military service have together created a strange belief that this armed peace is worse than war itself. It will be better, some thinkers hold, for war to break out, so that all these loaded arms may be discharged, and the oppressive and expensive dread of the enemy's attack be no longer a weight upon the mind.

Calculations of this kind, to our great regret, hardly ever meet with contradiction. Remembering the recent past, and comparing the former and present national sacrifices, we can emphatically state that war is in respect an improvement upon armed peace. Whether the theory that the best way of securing peace is to prepare for war be true or not, it has little significance. Increased armaments, whether removing war or bringing it nearer, do not decrease even after war has gathered its harvest. The highly-strung state of Europe, after the disputes of Luxemburg in 1867, ended in the war on the Rhine. When the war terminated, the reserves were dismissed. But immediately after the signing of peace, the number of military units, battalions, squadrons, and batteries, commenced increasing in France, where the army was considered weak. In Germany, where the army was considered strong, renewed efforts were made to strengthen it. The number of soldiers in the ranks was certainly fewer than in the army when on a war footing; but in 1869 the standing armies, both in

France and in Prussia, were much weaker than the armies of 1872.

This was the case not only at that time, but also in an earlier part of the century. Forty-five years ago Cobden complained of the excessive armaments of Europe.

At a meeting called on June 12th, 1849, he presented a request to the effect that the English Government should conclude treaties with other Governments with a view to the employment of arbitration in all cases when disputes could possibly be settled by amicable negotiation. Upholding his proposal, Cobden said that armaments were gradually increasing, and that a stop ought to be put to them. While answering Lord Palmerston's speech, directed against this proposal, Cobden pointed out that the contemporary state of Europe could not be called peace, but only armed truce, as about 2,000,000 soldiers were constantly in arms and about £200,000,000 sterling were yearly spent by European industry on this unproductive class of men.

At the meeting of the English League of Peace on October 13th, 1853, John Bright spoke of the burdens of arming. Military expenses, and the increasing sums spent on fortresses and the navy this statesman considered to be scarcely bearable.

Neither Cobden nor Bright considered war a means of avoiding the high-strung condition. Cursing the calamities of armed peace, they considered war a still greater calamity.

Persons of opposite views soon had the possibility of witnessing the consequences of the bursting of the storm, which, according to their ideas, might clear the air. Marshal St. Arnaux, after the battle of Alma, wrote to Napoleon III., saying, "Les canons de Votre Majesté ont parlé." The war terminated in a great exhaustion of the warring countries. But in spite of the increased debts and taxes, immediately after the termination of the war a further development of arming was witnessed. Having concluded peace, the victors and vanquished reduced their armies to a certain degree, and moored their ships in docks and ports; but the

military budget was not decreased by one rouble, franc, or shilling. After a period of rest, Russia little by little doubled the number of divisions, France increased her army, inherited from the days of Louis Philippe, and Turkey made a not unsuccessful effort to take advantage of foreign instructors. Ironclads appeared in the harbours of all the naval powers.

In more recent days the same sequence of events occurred in Turkey, after the war of 1877–78. Complete defeat, evident decrease of political influence, absence of hope of ever recovering anything, financial bankruptcy, did not prevent the Porte from commencing, as far as possible, to enlarge the army, notwithstanding the loss of numerous provinces.

The citation of war as a deliverance from the burdens of armed peace is the statement of a false doctrine.

It is really impossible not to be surprised at the simpleness of mind or the cruelty of its supporters, when meeting with such proclamations in the pages of serious organs and learned works. The real and permanent consequences of contemporary wars consist in the emphasising of the very mischief that, according to some disputants, the outbreak of war may be trusted to diminish, and in the further strengthening of the national vigour for martial purposes. Milliards of debt complete the picture.

We have seen that war will never kill war. We also state that war does not decrease, but strengthens the calamities of armed peace.

In view of the sacrifices continually made to this insatiable Moloch, every one may see that the door leading to a better future is firmly closed.

The mute figures of Government estimates are more eloquent than accounts of bloody battles.

The explanation of the material and moral loss caused to cultured nations by war, presents the positive side of the activity of all leagues of peace, all preachers of arbitration, all organisers of international justice, all supporters of the

alliance of all nations in a general federation. Most of their gallant efforts have been spent in the struggle against doctrines and theses, striving to legalise, acquit, extol war, or against theories, destructive to the hope of suppressing, even in the distant future, armed collisions between independent powers. "War is a refreshing storm." "War is necessary for the lifting of the spirit sunk low during long periods of quiet and safety." "Perpetual peace is not given to mortals." "War is the natural result of the independence of nations." "War is a juridical institution, which reinstates violated rights." "War is the least of evils, preventing the installation of prosperity." Such aphorisms, which possess no small credit and popularity, the defenders of peace have to repudiate. The struggle with apologists for and advocates of war constitute the best and, as it were, positive branch of activity of all those who strive to institute peace by the establishment of one or another judicial institute, which would instal the elements of justice in cases where affairs are settled by the sword.

Mental insolvency, indetermination, uncertainty appear when the supporters of international justice commence describing measures for the accomplishment of the great aim, pointing out the road to eternal peace.

In manuals of international law, before describing the so-called right of war, means of suppressing disagreements arising between civilised powers are mentioned and classified.

First on the list is diplomacy as a permanent institution. Then come the pacifying services of neutral powers, congresses, conferences, and arbitration. Last of all retortion, embargo, and peaceful blockade. During the latter three centuries many wars have been averted, it is thought, by these means. Arbitration is the most logical means of securing peace. From all other kinds of international compulsion no one thinks of expecting, even in the distant future, suppression of war.

Cases of the settlement of disagreements between inde-

pendent rulers or nations by arbitration are to be found in the most remote ages. Count Komarovsky considers the oracle of Delphi the prototype of arbitration.[1] Professor Martens considers the "recuperatores" (officials attached to courts of justice for foreigners in Rome) to be the first arbiters known to history.[2] In the Middle Ages the Pope and German Emperor, the kings and the Parliament of France were requested, at the voluntary agreement of the disputants, to settle the most varied disagreements. Amidst frequent wars there occur from time to time cases of the peaceful issue of disputes.[3] In later times, when wars have been less frequent, the number of settlements due to arbitration has increased. Mr. Martens has catalogued about fifty disputes which in the nineteenth century have been settled by arbitration. These disputes concerned differences of opinion with regard to the interpretation of treaties, or violation of territorial rights, or the unfulfilment of obligations by governments, or the damage to or loss of property caused to a government by private parties.

Side by side with the partial establishment of arbitration in Europe, a movement in the cause of peace, or, strictly speaking, in the cause of alliances, was begun. The crusades bear witness to the sense of union between powers.

The struggle for a common object associated nations, causing them to forget disputes and suspend the armed invasion of neighbours for the sake of booty or insult or vengeance.

An active propaganda in favour of the suppression of quarrels between Christian countries was well supported in Italy in the thirteenth century. This prototype of con-

[1] *About International Justice*, pp. 106, 107.

[2] *Contemporary International Law of Civilised Nations*, vol. ii., p. 454.

[3] Pope Boniface VIII., in 1298, healed a difference between France and England, as did King Philip VI. (Valois) between Bohemia and the German princes and the Duke of Brabant (1334); the Emperor Charles IV., in 1378, between France and England; and the Parliament of Paris, in 1244, between the Emperor Frederic II. and the Pope.

temporary peace congresses and meetings showed at its full strength in the populous gathering of August 28th, 1288, on the banks of the river Adija, near Verona, where over 400,000 persons were assembled to hear the Dominican John preach against war.

The assembly dispersed with the brightest hopes of the discontinuation of armed dissensions in Italy. A year later stern reality dispelled these hopes.

The endless feudal wars and the prevalence of club-law in Germany, which was at one and the same time unbearable for the population and subversive of the authority of the Emperor and Electors, little by little led to the establishment of the so-called Landfriede.

Minor dissensions and discords were limited and suppressed. Peace was declared for a certain period. Finally, in 1495, the Emperor Maximilian and the Swabian Union so far prevailed that a Diet was called at Worms, which established perpetual Landfriede. The right of war was taken from the minor vassals, thanks to the strengthening of the central power. Dynastic dissensions in England were stopped towards the end of the sixteenth century, and the martial autonomy of the great nobles was diminished, and gradually disappeared. In France the power of the king, being strengthened, first subdued and then assimilated the Baronies and Duchies which were constantly devastating the country. In the Middle Ages the union of states and peaceful effects proceeding from sovereignty seemed for many years to be unattainable ideals. The author of *Die Idee des ewigen Völkerfriedens*, Holzendorf, erroneously imagines the welding of territorial atoms into a whole to be the first form of suppression of armed enmity between influential disputants. Feudal customs and feudal laws considered a baron's attack upon the possessions of another as a consequence of an indisputable right. The ruler of a kingdom, by force of the feudal oath, might command the services of his vassals when war broke out or when

his paid forces were insufficient to quell rioters. But the ruler had neither the power nor the right to prohibit one vassal from fighting with another. Until the king's power subdued that of the fierce and haughty princes, free knights fought each in accordance with ancient customs and the laws of chivalry, the legality of which would have been equally acknowledged by the compilers of Justinian's code and the doctors of the Sorbonne. Holzendorf confuses the influence of sovereignty with the influence of dependence. When a mass of people obeys one voice, armed dissensions in its midst are either discontinued or diminished. A moving horde, or a nest of robbers, does not form a realm. Obviously this obedient mass represents that first form of pacification which Holzendorf finds in sovereignty. The comparative safety and quietness in Asiatic despotisms have no other source than the suppression of the individual power of one and all and the sway of the free-will of the despot. France during the days of Philip Auguste, Germany during the commencement of the fifteenth century, and Poland at the time when the nobles were free, were unmistakably monarchical. Pacification ("Friedensstiftung") they neither gave *de facto* nor *de jure*. There was a time in China when marauders formed regiments, marched in orderly ranks along the streets of towns, and had organisations acknowledged by the authorities. The consequence of the weakness of the Moscovite kingdom appeared in the conversion of bands of robbers into a kind of armed force for the extension of Russian dominion beyond the Ural mountains.

The pacification of a certain territory, the serious hope of being able to defend it against violence, and the discontinuation of open attacks of armed mobs are the consequences of the strengthening of state power and certain social conditions. In other dominions of western Europe a sufficient state of safety was attained towards the end of the sixteenth century.

With the accession of Henry IV. to the throne of France, monarchical power, entirely crushing feudalism, temporarily freed the country even from religious dissents. In 1610 the king and his minister Sully succeeded in equipping a strong army and establishing a large military exchequer. War was declared against the house of Hapsburg in pursuance of the King's policy, which had for chief object the crushing of this dynasty.

The dispute concerning the Julich succession served as a cause, and the French army invaded the bishoprics of the Rhine. Ravaliac's dagger put a stop to the enterprise. Later it became known that larger designs were connected with the campaign. In his memoirs Sully[1] relates, that the king made a great plan for the pacification of Europe by the establishment of a Christian federation.

According to the plan made by the king (or his minister) fifteen European Powers were to enter into the union, whether they were Catholic or Protestant. The Muscovite kingdom was not to join the federation.

The political map of Europe was to have undergone great changes. The Netherlands were to be divided between France and England, Spain was to receive Portugal, Austria was to lose Bohemia and Hungary, which were both to become independent. Savoy and Milan were to form something like the kingdom of Lombardy.

For the carrying out of these plans not only armies and money were prepared, but with many kingdoms, especially with the English queen, Elizabeth, treaties were commenced. In case of the enterprise proving to be a success, a high council of sixty representatives was to have been established for the peaceful settlement of dissension between powers. The members of the Christian Republic were not to permit tyrannical ruling and were to demand the equal tolerance of Catholic and Protestant faiths. The high council was to have directed a general rising against

[1] Sully visited London twice in connection with the establishment of a Christian League.

the Mahometans, with a view to their final expulsion from Europe. For affairs less important six local councils were to have been instituted.

Henry the Fourth's dream of peace began with a great war. This might have ended successfully and given permanent results if only its aggressive designs had been more temperate. The capture of the Netherlands and the bishoprics of the Rhine, the wrenching of Bohemia and Hungary from Austria, and the division of Italy made up together a scarcely possible programme, to say nothing of the final design of the conqueror.

A series of victorious campaigns would be necessary; under the leadership of Austria a coalition would gradually be formed, which France would not be strong enough to overcome. England in the days of Elizabeth and James I. would not agree to attack the Netherlands, that had only just been released from the Spanish yoke. Seventy years later the very realistic plan of Louis XIV. brought France defeat and humiliation. The project of pacification accompanying Henry's policy did not give his army a single extra chance of victory, and neither then nor later did any one believe in the promises of a peace which commenced with war.

The actual strength of the regiments moving along the Rhine and the number of barrels of gold in the cellars of the Louvre were facts extremely damaging to the great scheme of the French king.

As a ruler, Henry IV. left a good memory. His commiseration, tolerance of faiths, open character, skill in the choice and estimate of individuals, his plentiful abilities, his military talents caused the French to forget the defects of the man and the mistakes of the monarch.

It is no cause for wonder that the ideas of Henry gave birth to many projects for perpetual peace. One of the panegyrists of the king, Emorie de Lacroix, wrote a book in 1623, under the title of *Le Nouveau Cynée*, in which he proposed a plan differing from the "Grand dessein," in

the absence of a general European war, as the first step to the establishment of a Christian Republic.

The charm of Henry's name made its effect upon foreigners. In 1598 an embassy from the General States of Holland visited Paris. The ambassador's suite contained a youth of amazing capabilities, who at eight years of age had written meritorious Latin verses. After conversing with him for some time, the king, whose affability was not the least delightful feature of his character, turning to his courtiers, said: "This is Hugo Gracius, the wonder of Holland."

The treatise *De jure belli ac pacis* appeared in 1625, fifteen years after Henry's death. Does not the influence of the "Christian Republic" appear in the fact that Gracius, who always more than any other writer strove to soften the horrors of war, at the same time found useful, and even necessary, certain meetings of civilised nations, at which disputes were to be settled by arbitration by uninterested nations, and where measures were to be taken to compel the sides to keep peace on legal grounds.

During the century following the death of Henry, the literature and tradition connected with his career were bound to grow in volume. The religious equality recommended, the stern despotism of Richelieu, the inaccessibility of Louis XIV., his wastefulness, the awful dragonnades—all these matters served to fix the image of the creator of the Edict of Nantes in the eyes of the populace. In the days when the exhausting struggle for the Spanish inheritance was drawing to its end and diplomatists had opened peaceful negotiations, the Abbot St. Pierre presented the Utrecht Congress with a scheme of perpetual peace, which was described in the following terms:—

"Projet de traité, conclu pour rendre la paix perpetuelle entre les souverains chrétiens, pour maintenir toujours le commerce entre les nations et pour affermir beaucoup davantage les maisons regnantes sur les trônes."

All Christian kingdoms of Europe, including Russia,

were to form a league or union after the example of Germany, but without subjugation to the Emperor. The highest legal power was to be concentrated in a Diet acting on the bases of a general constitution, the alteration of which was permissible only upon the unanimous decision of all members of the union.

To facilitate the agreement of European governments to the establishment of this league, the Abbot St. Pierre proposed that the consideration of the suppression of internal insurrections should be among the duties of the Diet. The recently concluded war for the Spanish inheritance influenced the project. The Diet, when discussing vacancies in inheritances, was to keep the political balance in view, and not permit the excessive recrudescence of one kingdom at the cost of another.

St. Pierre's book and propaganda in the interests of the establishment of a Christian Union caused a great sensation. It is true that Voltaire and Leibnitz ridiculed them very severely. Nevertheless, Leibnitz was of opinion that, for the securing of peace, European nations ought to organise a general confederation, at the head of which he proposed to place the Pope and Austrian Emperor.

After the decease of the Abbot St. Pierre, in 1743, his idea evoked less contempt. His nephew, Count de Saint Pierre, transferred his manuscripts to Jean Jacques Rousseau, who admired in the Abbot the unrestrained loyalty of ideas and complete self-denial. Rousseau writes: "This man was an honour to his time and nation; he alone among men had no other passion than devotion to reason (le seul peut-être qui n'eut d'autre passion, que celle de la raison), and yet he made mistake after mistake, and wrote, not for contemporary, but for imaginary persons." Rousseau had the patience to peruse carefully all the works of the author, forty volumes, no mean task, for the Abbot sinned by using wearisome repetitions and a style as heavy as lead.

Rousseau determined to alter two works of Saint Pierre: the *Scheme of Perpetual Peace* and *Polysinodis*. In the third

volume of Rousseau's works we find: "Extrait du projet de la paix perpetuelle de M. l'Abbé de Saint Pierre," the following epigram from Lucan being added: "Tum genus humanum positis sibi consulat armis, Inque vicem gens omnis amet." [1] The *Jugement de la paix perpétuelle* of Rousseau is a fierce philippic against rulers of the eighteenth century. He said that European monarchs would in no case agree to limit their power by a general Diet in accordance with Saint Pierre's scheme. Their only aspiration consisted in the increase of their power within the kingdoms and the development of the boundaries of their dominions. General welfare, the happiness of subjects, and the glory of the country were clever excuses put forward to cover the selfish actions and dynastic aims. "The word peace is unbearable to ministers. War and national misfortune are necessary for dignitaries, who care as little for the welfare of the people as for the interest of the sovereign; for their own benefit it is necessary that the ministers should increase the public misfortunes and provide for their numerous satellites. The greater the dangers and difficulties, the more surely they hope to secure their station and subject the will of the ruler."

"The Abbot Saint Pierre by a single book," Rousseau continues, "hopes to gain the goal, to reach which Henry IV. collected immense means and would have declared a final war by way of securing perpetual peace." The death of Henry put an end to the hopes of mankind for ever.

Rousseau surmised the possibility of the establishment at a future date of a federative league, but not till after a revolution, which alone would cause so much evil as to counterbalance all the benefits likely to result from its successful organisation.

The name of Rousseau increased the popularity of the project of Saint Pierre. The influence of the Abbot's ideas is visible in the works of many authors and in the deeds of politicians in the eighteenth century. Molinart, who

[1] Lucan's *Pharsalia*, book i., lines 60, 61.

wrote the abbot's biography (*L'Abbé de Saint Pierre, sa vie et ses œuvres*, 1857), found in the works of Necker on the French finances, published immediately before the Revolution, ideas of peace inspired by the perusal of St. Pierre's works.

Jeremiah Bentham drew up "a plan for a perpetual and a universal peace" at the time of the assembly of the General States. Bentham witnessed the commencement and end of the fierce struggle of the United States of North America for independence. It is known that many Englishmen openly avowed their sympathy with the revolted colonies. The great Pitt, Lord Chatham, said in Parliament that he was very glad that America had succeeded in the struggle, as the spirit which directed the fellow-champions of Washington was the same spirit which established English liberty.

Bentham agreed with Chatham's ideas, and with grief witnessed the fraticidal struggle across the Atlantic.

Colonial wars cost all nations much blood and treasure during the one hundred and fifty years antecedent to the birth of Bentham. For this reason he considered the release of colonies from the power of the metropolis one of the necessary conditions for the advent of perpetual peace. The second cause of war he considered to be the great permanent armies, which in the hands of Louis XIV. and Frederick II. became elements inciting unpardonable seizures and violent trespass on the safety of weak neighbours. When the European powers should give up their colonies and diminish their armies, then a permanent congress of representatives of European nations might easily be established, as Bentham thought, to settle international disputes. The Congress should manage the international armies, consisting of small contingents from each kingdom. The Congress should have the right of excluding from the union any kingdom which did not obey the decrees. The nation which should commence disarming was destined, according to Bentham, to eternal glory.

The time of revolutionary wars had arrived. The French idea of general federation, the call to peace after a series of victories over the enemies of France, after a paper existence in books, schemes, appeals and propagandas, became a reality. The Convention of Paris, defeating invasion and moving its forces to Belgium, Switzerland, the Rhine and Italy, declared that it was warring with tyranny in the name of the rights of man. When the tyrants were vanquished, then all nations were to form republics after the example of France and in union with her. The revolutionary army and revolutionary proclamations were similar in their ideal aim to the plan of Henry IV. The impetuosity of the aggressive politics of the Council resembled the aspirations of Louis XIV. in regard to his religious chambers.

The prophecy of Rousseau concerning the part of revolution in the establishment of a great European league seemed to be fulfilled. All was undertaken on a scale which Henry IV., Louis XIV., and the Abbot Saint Pierre could not have imagined. Instead of the protection of Christian faith, tolerance and the total liberty of conscience were proclaimed. The armies collected against Austria and her allies were ten times greater than the forces organised by Sully and Louvois. The development of the greatness of France went far beyond the limits of the conquests of which her kings dreamed. Belgium, all the lands between the Saar and Rhine (including Cologne), Savoy, Nice, Turin, and Genoa were annexed. A series of republics was organised after the example and under the protectorate of the mother republic, which were the Batavian in Holland, the Helvetian in Switzerland, the Parthenopeian, Roman, Cisalpian and Ligurian in Italy. French laws were introduced everywhere. When repealing former customs no difference was made between Holland and Switzerland with their ancient republican licenses, and Milan, Naples and Rome with their deadening despotism, and Genoa with her original oligarchy. All received the same constitution, which was very similar to the French. In the imagination of ardent patriots

the future was pictured as the gradual transformation of Europe, freed from the power of tyrants into a league of large and small republics. Perpetual peace would come when the martial force of the gradually spreading union of released nations should have fulfilled its mission. The army of France would remain the centre of all-conquering force, and the direction of the revolutionary invasion would belong to Paris.

The facts of the last year of the eighteenth century put a stop to such rose-coloured illusions. A revolution broke out in Switzerland, which was with difficulty suppressed by Massena's troops, which defended the youthful Helvetian Republic against the Austrians and Russians. Souvarov invaded Italy and beat the French in a series of battles. The Cisalpine republic was abolished. When the French armies left Naples and Rome, hurrying northwards to aid the army driven out of Lombardy and Piedmont, the rabble of Southern Italy rose for the king and Pope; two more ephemeral republics disappeared. The last blow to all hopes of the approach of the golden age of peace and liberty was struck by Napoleon. Having conquered the monarchic coalition, he did not spare the weak allies. Holland and Switzerland were ordered to accept constitutions adapted to the despotic ruling of the First Consul. The Cisalpine republic was re-established, and named the Italian. Deputies were called to Lyons, and there learned that General Bonaparte was to be the president of the republic. Between Italy and Switzerland an independent republic of Valais was established, which soon lost its freedom—in punishment for the bad state in which the Simplon highway was kept.

When the consulate became an empire, only the Helvetian union retained its nominal independence. In Italy, on the Rhine, and in Holland family appanages of Napoleon's house and his relations were established in the form of kingdoms, duchies and principalities.

Napoleon's wars, according to the words of the con-

queror himself, were directed towards the re-arrangement of Europe. In place of aspirations connected with revolutionary liberation movements, Napoleon wished to attain perpetual peace by the establishment of a union of European nations under the supremacy of the French empire. Nations conquered first would not be backward in acquiring the welfare of conditional independence and lasting peace. On April 22nd, 1815, Napoleon declared that (Préalable de l'acte additionnel) the war was carried on with a view of organising a great European federate system, which the emperor considered in agreement with the spirit of the period and favourable to civilisation. The affair needed only to be concluded by overcoming the resistance of Russia and England.

Had the campaign of 1812 been successful, England would have been compelled to surrender. Consequently the defeat and loss of the Grand Army was a misfortune not only to France, but for all mankind.

On the Island of St. Helena Napoleon wrote that the war of 1812 ought to be considered the most popular of all wars of the new era; it was the war of good sense and true interests, aiming at the peace and security of all; it was, in essence, pacific and conservative.

A time of general welfare and safety would have come. The political system of Europe would have been secured. Only the establishment of an organisation would then remain to be effected. The meeting of rulers would peacefully settle all the affairs of nations.

"Europe would thus truly represent one nation. I would have stipulated that regular armies should be diminished, leaving only forces necessary for the protection of the persons of monarchs. I should have proclaimed the boundaries of France to be unalterable.

"How much blood will be shed in future to attain the welfare that I wished to give to mankind!" (*Memorial de Saint Hélène*).

"To strengthen the European union," said Napoleon

III.,[1] "the emperor would have forced a general European code to be acknowledged, and would have instituted a European court of appeal. Uniformity of coinage, weights, measures, and laws might have been attained at his powerful initiative."

The sincerity of Napoleon I. is very doubtful. If Russia and England had become his vassals, large enterprises in the East might have been expected. Insatiable ambition drew up plans of the highest range in this quarter. Even if entire faith be placed in all the promises of "Acte Additionnel," supposing the possibility of the total defeat of Russia and England, the probability of the realisation of Napoleon's European league and of the arrival of the time of perpetual peace after the year 1812, does not become greater.

The immense power of Napoleon's dominion, the growth of several years, carried with it sure destruction, as all thinkers will surely grant. If Napoleon, conquering Europe, travelled towards perpetual peace, the nearer he approached to the aim, the greater became the number of those who were ready to risk all and rise against the universal oppressor. All classes, all parties, sovereigns and nations, armies and cabinets, nobles and merchants, freethinkers and Polish clergy, were united in the general feeling.

With the exception of several fainthearted German princes and the deluded Polish nobility, Napoleon had no sincere allies. Metternich and Canning, the Neapolitan Bourbon, the Danes and Portuguese felt the same mutual sympathies.

Napoleon's invasion of Russia showed that Souvarov's campaign in Italy was a prelude to the war. The commander, who had been conquered at Trebia, besieged Riga; the opponent of Koutouzov at Crems on the Danube was seven years later the governor of burnt Moscow; the same marshals fought at Friedland and Borodino. All

[1] *Des Idées Napoleoniennes*, chap. v.

kinds of politics were popular and expedient, except a league with Napoleon. The moment his prestige failed his satellites proved false.

No small disappointment was caused by the gap of time stretching between the capture of the Bastille and the battle of Waterloo. The facts of this well-remembered period gave the next generations a good lesson, for which too high a price was paid for it to be forgotten.

In the self-consciousness of nations and the minds of thinkers violence is unconditionally condemned as a course to perpetual peace. The hopes of the members of the Council and the posthumous fancies of Napoleon, without examining the amount of plausibility and sincerity in the one and the others, were, in the opinion of the English, Germans, Spaniards, Russians and Dutch, connected with the calamities of invasion and the privations due to the continental system.

At no time did there exist, and never again will there exist, such a set of circumstances favourable to the conquest of civilised nations by the energetic and persevering efforts of one nation. But even at the decisive moment of the French attempt the shrewd observer foresaw that the earthy heaven of Napoleon could not exist because of insurmountable obstacles in the form of peculiarities of races, tribes and history. Forced peace proved impossible owing to the peculiarities of human character. After 1815 it became clear that any of the plans for the discontinuation of war, expounded in the work of a single writer, has a greater chance of being realised than aspirations for establishing a universal sovereignty by a series of victories.

This great aim cannot be reached by material compulsion. Moral influence gave more hopes. The weakness of the thinker and preacher proved an advantage when searching for paths to such a state of affairs, which could not be established unless by means of voluntary agreement and the peaceful union of independent social organisms.

During the days of the greatest overflow of the revolutionary flood, the idea of perpetual peace caught the attention of the great Königsberg philosopher. Kant's work, *Zum ewigen Friede*, appeared in 1795. While discussing the idea of a European federation, Kant persisted in the possibility of perpetual peace among lawful powers. He believed that mankind approached nearer and nearer to eternal peace according to the subjection of intercourse between people to defined rules. The intellect demands peace.

This great object will be attained when reality shall be elevated to the demands of reason. Kant considers the progress of mankind analogical with accelerated movement. He writes: "The periods in which equal successes are attained become shorter and shorter. ("Die Zeiten in denen gleiche Fortschritte geschehen, werden immer kürzer.") The science of right considers the suppression of war its final aim."

It is truly significant that the deep and sober mind of the creator of *The Criticism of Pure Reason* should have considered the attainment of perpetual peace possible.

This work on perpetual peace contains an addition, in the course of which there are pointed out those means which would ensure established peace from violation. The ideas expressed in this appendix do not belong to the set of human ideas being now investigated by us, and for this reason we will return to Kant.

Fichte, two years after Kant, gave his opinion in favour of the European federation.[1] He denies that war should be able to prove any rights. The rightful relations between powers can be determined only by peaceful communion. Such a view of the German idealist condemns the inferences of our contemporary internationalists, who consider war a re-establishment of violated rights. With regard to the

[1] *Grundlage des Naturrechts nach Principien der Wissenschaftslehre.*

measures prepared against the breakers of the federation instituted in accordance with the plan described in an earlier paragraph, Fichte agrees in opinion with the pre-revolutionary thesis of Bentham, that indocible kingdoms ought to be deprived of independence.

According to Fichte's opinion, federation should be concluded voluntarily: it is necessary to establish not a united kingdom, but a union of kingdoms.

In the year of Marengo and Hohenlinden, the youth Schelling prophesied that in the future there would spring up a rightful kingdom, the accomplished aim of historical progress, and that a time of perpetual peace would arrive, defended by law alone and a single federation of all kingdoms. (*System des transcendetalen Idealismus.*)

During the unsettled times of Napoleon I., kingdoms which for several ages had existed unshaken were demolished by the will of the conqueror and re-established by decrees not less severe in tone than army orders of the day. Force openly trampled upon right. It was difficult to expect peaceful opinions at such a period. The movement recommenced with the fall of Napoleon's empire. After the Treaty of Paris two projects of international organisation appeared almost simultaneously—Saint Simon's [1] and Lips's.[2] The necessity of pacification was shown in the appearance of the first peace societies, in America in 1815 and in England in 1816. The agitation in favour of peace began to be supported by periodical organised meetings, which had unmistakable advantages in comparison with personal efforts. When the struggle surpasses the strength of one generation, its survival is satisfactorily ensured by traditions and statutes of societies, leagues and companies. It was necessary that such a difficult undertaking should place its

[1] *On International Justice.*

[2] *De la Réorganisation de la Société Européenne.* We may here mention *Der Allgemeine Frieden*, which Goudon published in 1807. This book is a sorry example of judicial doctrine and complaisance with Napoleon.

activity as far as possible beyond the casualties of death, sickness, personal disappointment, and betrayal.

The third society of peace was organised in Geneva in 1830, that is in the year when the July revolution struck a heavy blow to unions, that had been concluded, as were the treaties of Troppau and Leibach, with a view to stopping the oppression of and armed interference in the internal affairs of weak kingdoms. The revolution of 1830 resulted in French conquests, which proved more lasting than Napoleon's seizures. The French army undertook only two expeditions—the capture of Antwerp and Ancona. Both fortresses were temporarily occupied. The boundaries of France were not altered. But the influence of the July revolution was felt in all Europe, and everywhere resulted in radical changes. Belgium became free, and formed a neutral kingdom. Despotic systems fell in Germany, Hanover, Saxony, Brunswick, and Hessen Cassel. Although the insurrection in Italy was suppressed by the Austrian troops, the liberation movement travelled along the course which was to transform Mazzini from an exile to a national hero.

Governments and nations ceased to fear that immediately after the coming of new ideas they would witness a French invasion. The principles of 1789 now appeared in a new light. In the most vital questions nations felt their solidarity. The Italian, under constant fear of removal to an Austrian prison, the rich and educated inhabitant of Manchester, deprived of his vote for the sake of a rotten borough, the professor of Heidelberg, persecuted by Metternich, the Belgian, considering his dependency on Holland a hard lot—each viewed the struggle near the Tuilleries and Hôtel de Ville as his own affair. For Germany and Italy the French ideas of liberty and equality were now connected with ideas of nationality. Ideas not supported by armed force gained strength and influenced the intellect. There was no necessity for paying the price demanded by the Convention of Paris and Napoleon for release from oppression, namely, the loss of political independence.

It was possible to be subjected to foreign influence without fear, without bitterness, and without sacrifices. The revolution of July gave France a steadier predomination in those countries, where the victories of the grand army had given her only a temporary importance. Napoleon's soldiers landed on English soil only as prisoners of war. After the days of that famous July, France joined together English reform and the humanising inclinations of the Continent.

The first revolution and empire bred quarrels and degraded France by attempting to bring the union of Europe to pass by the aid of colossal military forces, directed by the greatest leaders. As regards attempts to establish perpetual peace, the period of 1792 to 1815 gives a negative result. On the contrary, 1830 proved the positive results of intellectual influence.

The change from national liberation movements to the activity of peace societies is not cheerful.

The attempts of these societies at that time suffered for the greater part from excessive estimates of their power and influence, and from the slight wisdom shown in the choice of plans of action. Some enterprises plainly bear the stamp of simplicity. In 1835 the American Peace League decided that war ought to be replaced by a Court of Nations, permanent or temporary "according to the wise decision and decree of nations." This beneficent and radical alteration in human life was to have been introduced into the local politics of the State of Massachusetts. The success of the idea was complete. The Senate compiled a memorandum in favour of the petition. A specially-appointed committee approved the petition, and decreed that full accounts should be sent to all States, after which the whole transaction was to be transferred to the Congress. The Senate of Massachusetts approved the recommendations of the committee. Before it could come into active operation the scheme had to be transferred to the Lower House. But the session was ended. Owing to accidental occurrences

was attributed the unsuccess of a scheme salutary for all nations of the earth. When the legislators of Massachusetts returned after the holidays, no steps were taken to revive the matter.

According to the statement of a well-known historian,[1] similar enterprises in the States of Maine and Vermont perished only in consequence of "party intriguers, who had a mysterious interest in preventing the suppression of wars." Two years later the Chamber of Massachusetts received a new petition from the local societies of peace. This time the affair progressed further.

The Senate, by a majority of thirty-five votes against five, and the Lower House unanimously arrived at the decision that civilised kingdoms ought to suppress wars and establish a congress or court of nations. In the same year three peace leagues, having noticed, it is to be supposed, that the favourable resolutions of the local chambers in reality prevented their petitions from reaching the federal authorities, decided (as might have been done sooner) to make direct application to Washington. A petition proposing the institution of an international court (without compulsory power) was compiled categorically, and the clinching argument stated quite straightforwardly. "If notice is taken of the firmness with which nations defend their honour, and of the fact that they never undertake a war without sufficient cause, it is possible to arrive at the conclusion that the settlement of international disagreements, in accordance with rules, proceeding from an authoritative international court and founded on the decrees of such codes, strengthened by motives and appealing to national honour and justice, will be favourably accepted by both sides. To affirm the opposite, means to ascribe to nations, in questions of honour, much worse qualities and intentions than even those of individuals."

Having received the simple-minded document (vitiated by being based upon the supposition that nations quarrel

[1] Count Komarovsky, *On International Justice.*

over questions of pride and national honour), the Congress passed an unfavourable resolution founded on the strange arguments expressed in the memorandum of the committee of foreign affairs.

The absurdity of the memorandum exceeded the absurdity of the petition. Arbitration between nations was called a dangerous institution. Despotism would take advantage of it. In the hands of an ambitious person the court would become a weapon of violence. The amphictyons of ancient Greece, feudal customs, and those of the German imperial courts, served as an occasion for the committee to show its erudition, and to arrive at the conclusion that by entering into negotiations with European governments concerning the crusade of the peace league, the Government of the United States might cause relations, leading to wars both persistent and terrible. Quite a different view of the matter would have been held had the place of the pernicious court been taken by the custom of applying for the offices of intervention. In the case of this improvement being made, the committee hoped for the gradual spreading of the idea embodied in the petition.

Next year the Congress received a new petition, in which the argument of its predecessor was treated with scant respect, while it was conclusively explained that the difference between arbitration and intervention was not of a very marked character, and that the international court and international code of laws were not dangerous ideas.

Congress, owing to the shortness of the session, took no notice of this new petition.

While the agitation in America in favour of peace was struggling unsuccessfully to change from words to actions, in Europe there appeared a treatise from the pen of Sartorius, the Swiss professor. This was entitled *Organen des volkommenen Friedens*, and was published at Zurich, 1837. All the positive and negative sides of the controversy were reflected in this work. The first part of the treatise is logical and valuable; there it is proved that war is a

great and absolute evil, from which mankind should be relieved either by one way or another.

The other part is inconsistent. Here the author sketches a governing institution, designed to ensure perpetual and perfect peace. According to the opinion of Sartorius, the international court and code of laws would produce justice when all nations were prepared to accept a republican method of government, and all kingdoms ready to be united into one representative republic. A certain originality of ideas is evidently purchased at the price of complete impossibility of realisation. It is strange to read how the republican "Völkertribunal" was to have full powers of supervision over certain justices who were to be limited to five, so that the chief divisions of the globe should each be represented. It is difficult to understand how a learned professor could in the thirtieth year of the nineteenth century arrive at the proposal of organising in the near future African and Asiatic states of free national power, with a single judicial power over them. The improbable part of the work of Sartorius consists in the attempt to prove that republican organisation helps to secure peace more than other political forms of government.

Following Rousseau and Kant, Sartorius again puts the question of the possibility of peace being dependent on the form of government.

Further on we see that, according to the views of the author of *Contrat Social*, the unlimited monarchies of the eighteenth century seem suspiciously aggressive. Sartorius finds the guarantee of peace only in a representative democratic republic, and does not trust constitutional monarchy. The treatise of the Swiss professor will always remain a proof that no reason or talent is capable of satisfactorily defending the theory in the service of which it was composed. The deepest and most searching analyses of political organisation will never advance the affair. History gives a better and a decisive answer. There are many eloquent facts in existence to prove that absolutism,

constitutional monarchy, republics, whether oligarchical or democratic or federal, do not necessarily contain either the germ of peacefulness or of martial spirit. The Prussian autocracy, the first French republic, and constitutional England of the time of the Georges, all had really aggressive characteristics. The United States proved more than sufficiently fond of war.[1] The South American republics, with very different histories, but each with a democratic constitution very similar to that of the United States, are unfavourably known to the world by their bloody disputes, and have always been inclined to attack a weak neighbour.

On the other hand, policy foreign to aggressive intentions was encouraged in Prussia from 1815 to 1864, as well as in the kingdom of Holland and in the Scandinavian monarchies. The neutralised kingdoms, Belgium and Switzerland, after the Franco-Prussian war, began to increase their armaments, thinking not less of attack than of defence. Neither in the historical past nor at the present day do we find reasons for describing any government as essentially peaceful or martial.

Dialectic discussions of this theme are unconvincing and aimless.

In 1842 there appeared two more projects for ensuring perpetual peace. Marchand fully explained what great and radical changes are necessary in the map of Europe to keep this part of the globe free from convulsions. Pecqueur[2] proposed that all nations should be united in one realm:—

"It is necessary to establish a supreme judicial power, which should direct and sanction the application of compulsory social force, on the understanding that this force should be used only in the name of justice. The cosmopolitan police should replace war; the chief figures in

[1] Besides the War of Independence, in 1812, with England, there were two wars with Mexico—a civil war, and finally the war with Spain in 1898.

[2] *De la Paix, de son Principe et de sa Réalisation.* 1842, Paris.

every nation should be the judge and the peacemaker; the leaders of armies ought to become servants and warrant-officers of the cosmopolitan police, and the soldiers ought to be destined for the support of widespread peace."

The steps to be taken for the establishment of such a state of affairs is simple: "Let the nation which considers itself the most just and advanced commence by declaring that it is ready to accept the obligation of submission to the international constitution, and by a solemn declaration invite all nations to join this astonishing compact."

Pecqueur considers the division of nations a remnant of barbarity, and patriotism a dangerous and pernicious feeling. Mankind should agree to establish a peaceful power; the closest union of independent nations is only a half-measure, a stepping-stone to the total abolition of nationality.

Pecqueur's work produced a sensation at the time. His theory cannot be denied some importance and a certain boldness of ideas, which did not shrink from making the most valiant deductions.

The doctrine of cosmopolitanism is closely related to the idea of universal monarchy. Let all nations submit to me, the conqueror thinks, and war will be discontinued. Let every nation renounce nationality in the name of a general humanitarian ideal, and the consolidated government resulting from their action will produce perpetual peace. Both these theories are mistaken. The final aim of each is unattainable. The greatest possibility of success, as is proved by history, may fall to the lot of those who preach cosmopolitanism. Liberty of speech and the call to voluntary union do not in their first stages include the necessity of destruction effected by armed force. In this enterprise, as in many others, inspiring speech and books will prove stronger than great armies. No genius, no gift of persuasion will ever overcome the obstacles in this path. The division of nations will remain for ever.

Feeling and reason, love and egotism, unconscious prejudices, and freethought, all these equally necessitate national development.

The universal representation, in whatever form it be organised, will spell either impotence or oppression. Should the decentralisation be carried very far, government authority will become a statistical matter, ruin will constantly be threatened, and the expropriation of parts will increase. Nations will be deprived of all the benefits now given to every civilised people by its government. It will be necessary to renounce all those social changes which are expected in the future to spring from the direct influence of the ruling sovereign—changes that should finally drive most of our material troubles and spiritual unhappinesses from the face of the earth.

Should the universal government manage the chief vital functions of the development of nations, extreme bureaucracy will be the only means of displaying governmental activity, no matter how great the development of representative elements be in the organs of central power. Only measures of a prohibitive and limited nature will be brought to an end. All creating features will be doomed to useless formalism. Should the universe be subject to such a state of affairs, the results will be ruinous.

A universal kingdom will not only not produce those blessings which the theory promises, but a too large kingdom will contain elements of disruption or internal weakness. England and Russia have not yet reached, but, perhaps, are not far from reaching, the limits beyond which the increase of bulk will mean the loss of the beneficent conditions now obtainable by dwellers in these countries. The unity of traditions, assimilation, the joining of small parts to the main body, the gradual increase of population, to a certain degree relieve lands that are overburdened with territory. With opposite elements, with the coalition of several nations great in past fate and national self-consciousness, there will be no powerful influence to soften dissent.

The ideal of cosmopolitanism, even for the distant future, appears to be a ruinous stimulant. Contemporary civilisation is not threatened by danger of attacks of violence from the exterior. There are no unknown lands, immeasurable plains, whence, as in former times, wild hordes may approach with forces numerous enough to overcome the resistance of cultured nations, and destroy flourishing towns and settlements, with all their material and spiritual treasures.

Danger is threatened by internal foes. Exasperated poverty, influenced by cynical and dangerous doctrines, may rise against government, wealth, order, liberty and law. Following anarchy, on the ruins piled up by it, its brother, despotism, will appear.

The division of mankind into independent social organisms prevents desolation from enveloping the whole world. If such a scheme were to become an active agent in social history, culture would disappear from many places, though not from all and not for ever. If the struggle for existence be not less severe in the future, and if the entire edifice of social relations be doomed to destruction, there remains a bright hope that the seeds of culture, unproductive in one place, will flourish in another. At the darkest time something analogical with the events of the eighteenth century will occur. In Western Europe revolution had time to become a hideous blending of lawlessness and despotism; but, on the other hand, civilised absolutism, struggling with new ideas, displayed almost too much freedom. England and America became the shelter of oppressed rights and oppressed opinions. There no revolutionary tribunals, spies of the Directory, German dynasties, Austrian prisons, instigating agents, Spanish Inquisitions, prefects of Napoleon I. existed. A shelter was available where legitimist noblemen, German liberals and Italian refugees could express their opinions in safety.

The belief in the great future destinies of mankind is strengthened by the consciousness of the immovability o

the welfare of science and the arts. If the world is destined to undergo convulsions even more severe than the Commune of Paris underwent, there is no possibility of civilisation suddenly collapsing. Political independence in conjunction with natural obstacles will preserve more than one nation from ruinous revolutions, and the precious treasures of science and art collected during the past ages will be preserved. Part of the works of plastic art may possibly be destroyed, but all the rest will be safe.

A danger, less terrible in form, but of grave consequence, and one far more likely to happen than the triumph of anarchy, is threatening from another side. Contemporary life, as the author of *On Liberty* states, has a tendency to lower the level of individual self-existence. The similarity of ideas, characters and habits of people becomes greater. Mill warns civilised nations against the fate of China, where civilisation, which was in a very advanced state in the ancient times, little by little came to a standstill, with the result that for one generation after another, during a whole millennium, the habits, ideas and customs of one generation were repeated in the next.

The independence of governments and the separate development of nations present the surest obstacle to and defence against such decay. The energy of national genius and the lively interchange of ideas between nations produce two enlivening influences.

Individuality, family life, governments, and humanity exist for harmonic development. The removal of spreading objectiveness and the viewing of the universal process in the light of the greatest public welfare of the greatest number of free human beings are absolutely necessary for the solution of the principal questions of life. The relation of individuality to the family is the first step of social life. The type of family that presents a passive subjection to a sole head is of advantage neither to the ruler nor to the oppressed, as is proved by history and daily observation. On the contrary, where mutual respect exists, where the

good of the majority is considered before the benefit of the individual, and every one deems it his moral duty to serve mutual interests, where even education is based on the least possible constraint, there the family is rich in steady moral values, and kindred ties serve as an inexhaustible source of vital happiness.

The relations of individuality to the State should arise from the union of free and liberty-loving men, who respect the liberty of others. The engulfing of individuality by the State finally leads to political weakness, to degeneration and ruin. The most powerful, flourishing, and long-lived are the countries in which the citizens are the rulers of their own body and spirit; where, giving up part of their property and part of their time for the general welfare, all are engaged in emphasising the real meaning of liberty. At our time the same idea of mutual respect penetrates to regions where the misuse of a people's rights is considered permissible. The policy of greed, the effort to strengthen the homeland by trampling other nations underfoot, is as deplorable as it is shortsighted.

The author of *Faust* proved that no pleasures of egotism can produce the delights which are brought before us when we contemplate the fruits of labour devotedly spent for the welfare of our neighbours. The happiness of man is possible only in the midst of a happy and free people. The prosperity and power of States are firm only among independent and amicable nations.

CHAPTER V

The Importance of the Events of 1848 in International Relations. The Agitation in England. The Eastern War. The Congress of Paris. New Hopes.

THE first peace congress met in London on June 22, 1843. The representatives of English and American peace societies arrived, and having elected Charles Hindley to the chair, commenced work. The results were circularised appeals to all civilised governments of the New and Old World—fifty-four in all. The governments were invited to include in all treaties of alliance a clause to the following effect: That all dissensions should be settled by unprejudiced arbitration. A special deputation presented the circular to the French king. Having met the delegates very cordially, Louis Philippe stated that peace was the need of all nations, and war was now so expensive that it could not be waged frequently. He was sure that the day would dawn when war among civilised nations would disappear entirely. The delegates left the Tuileries charmed with their reception. From that day to this there have been periodical meetings between friends of peace and the advocates of increased armaments.

Simplicity on one side and hypocrisy on the other have been displayed in full measure. Only the first step was constrained; later there were no obstacles. Since 1843 a formal method was established for addresses and meetings in similar cases. The misgivings of those antagonistic to the apostles of peace disappeared, and contempt for them became a commoner feeling. On the polished floors of palaces, at ministers' receptions, in the pages of official

organs, the representatives of congresses and peace societies met with approving mention, refined politeness, and elegant wishes.

These exchanges of ardent hopes and flattering replies presented one of the most revolting spectacles. The best designs were trampled in the dirt; ill-concealed derision was meted out to the most sacred ideals.

The address which Louis Philippe heard *de vive voix* was sent by post to America. Five years later, in January, 1848, the secretary of the Central American Peace Society,—Beckwith,—with his colleagues, personally presented the same paper to the President of the Republic.

A scene occurred very similar to the Paris reception. The President stated to the delegates that the support of peace was the natural inclination of all national governments. If a nation is educated and uses its right, it will demand the peace necessary for its welfare.

The events of 1848 worked more for the aims of the peace societies than all their congresses and the negotiations with the rulers of States. Great national movements create inclinations not attainable by theorists. As in 1830, the inflammable materials gathered together in many parts of the Continent burst into flame simultaneously. The political movement in France was united with the social revolution. The struggle behind barricades commenced in Berlin. In Austria—where absolutism under the control of Metternich for over thirty years had vetoed all national hopes and had supported the decrees by the force of bayonets—the insurrection broke out simultaneously at Vienna, Pesth, Prague, Venice, and Milan. The Frankfort Diet was replaced by the German Parliament. The King of Piedmont entered upon a campaign.

The shocks were very great. The fierce reaction which took their place could not delay the ruin of the institutions which were condemned during these years. Viewing the course of the revolution attentively, we observe that the ideals for which the European nations became agitated,

throwing down antiquated social supports, should have naturally strengthened the peaceful union of civilised nations.

In France a republic was proclaimed, based on a general vote. A new revolutionary attack was feared beyond the Rhine, but the fears were groundless. Neither the makeshift February Government, nor the friends of Lamartine, nor the friends of Cavaignac, thought of conquests. Heidelberg, Brussels, Berne and Turin would not see the French colours. The Germans, Italians, Hungarians, and Slavonians would have to manage with their own forces, making use of the given signal, but not expecting help, which, as bitter experience had proved, was capable of serving tyranny and the suppression of national feelings.

The news of the fall of the Orleans monarchy was met with enthusiasm in Germany. But sympathy with the French was firm only from the day when every one knew that the French army would not cross the frontier. When the revolution was defeated and the hopes of the patriots of 1848 failed, then, looking back, the friends and enemies of German unity ought to have been just to the discretion which was exhibited in the almost elementary impulses of the national masses.

When Berlin received the news of Prince Windishgratz's attack in Vienna, the Prussian Chamber of Deputies, where the revolutionary party predominated, presented a Bill proposing to send troops to the aid of the constitutional Austrian Government. The proposal was declined, and it was decided to limit the actions to inviting the Frankfort Parliament to act as an arbiter between the Emperor and his subjects. The consciousness of the general interests of European nations and fiery patriotism were united with respect to the independence of neighbouring States. The principles of non-interference, a doctrine new at the time of Metternich, even to learned internationalists, now undoubtedly became an active influence for the nation and its representatives.

The second Peace Congress met at Brussels on the 20th, 21st, and 22nd of September, 1848, under the name of "Congrès des Amis de la Paix Universelle," under the presidency of Ficher. The initiator of the meeting was an American workman, Elihu Burritt. The debates were conducted and printed in French, but the majority of persons present were Englishmen and Americans. The decisions of the Congress favoured the necessity of exact instruction for arbiters. Governments ought to transfer all their disputes to this congress to be decided by plenipotentiaries, temporary or permanent, who should compose a high international tribunal. The institution of tribunals and the duties of the members were to be bespoken in treaties. The decisions of the Brussels Congress were sadly confused, but at least the debates were free.

Less than a year later, in August, 1849, the American, Burritt, and the Englishman, Henry Richard, arranged a new congress at Paris, where Victor Hugo was elected president. A programme was laid out, or rules compiled, according to which no speeches in favour of war were permitted. To explain such an absurd limitation, it is necessary to say that by this time a certain type of speeches had been approved, from which the initiators did not wish to depart. Lively and fiery discussions first of all prolonged the business, and, in the second place, worried the voluntary delegates. A series of panegyrical opinions was necessary with a verdict already pronounced—a general review of the case that was not likely to destroy the pleasant humour of the defenders of peace met in the capital of pleasure. Even if any one did utter an original idea, the general character of the congress was certainly not changed.

The liberty of debates was not limited in parliaments. We have already mentioned the meeting in the House of Commons, on June 12, 1849, when Cobden pointed out that the armaments were unbearable. Cobden defended arbitration as a method of reducing the number of wars.

He proposed to present to Her Majesty a petition that the Minister for Foreign Affairs should commence negotiations with the powers concerning the conclusion of treaties agreeing upon the resort to arbitration in questions which could not be arranged by amicable negotiation. The Parliament was in a state of commotion. Objections were started by certain friends of the Government, more impetuous than reasonable. Cochrane, who was in the Ministry, ridiculed the proposal as one deserving derision. Mr. Urquhart, on the contrary, found that the acceptance of the scheme threatened ruin first to England and afterwards to the other States which might join it. Cobden's supporters talked about the uselessness and destructiveness of wars, and Mr. Hobhouse stated decisively that arbitration would be only the first step to European federation. Finally Lord Palmerston rose to his feet. He commenced his speech with the affirmation that he felt the greatest repugnance to war; but, according to his opinion, the method of arbitration proposed by Cobden would prove dangerous, and more so for England than for any other country. He asked the House to what power British interests could be entrusted. By her political and commercial situation, by her constant collisions with the majority of nations, England naturally often caused enmity. England was feared and envied. It would be difficult for her Government to find another government or individual able to pronounce an unprejudiced decision after bringing to a close the arbitration proceedings. The only possible form of the peaceable direction of disputed cases he found to consist of intercession—an agent which ought to be more frequently employed. Not more than a third of the members of the House remained to the end of the debate. Only 273 Commoners took part in the division, and as of these 176 voted against Cobden, the proposal was negatived.

The first Universal Exhibition was opened in London in 1851. The novelty and brilliancy of universal peaceful competition produced a great effect. The societies of peace

decided to make use of this spectacle, and call a new Congress.

Over three thousand deputies and spectators filled Exeter Hall on June 22, 23 and 24. Thirty-one American Peace Societies sent delegates, and twenty-two Members of Parliament were present. After three days of eloquent speechifying, the Congress, amidst thunders of applause, passed the following resolutions:—

(1) It is the duty of all spiritual advisers, preceptors of youth, authors and publishers to use all their influence for the preaching of peaceful principles and the eradication of hereditary, political and industrial enmity from the human heart, which serve as a source for so many destructive wars.

(2) In case of disputes, such shall be settled peacefully, and Governments are in duty bound to submit to arbitration and to the resolutions of competent and unprejudiced judges.

(3) Permanent armies, which, simultaneously with expressions filled with peace and friendship, cause feelings of unrest and excitement whenever nations disagree, are the cause of unjust wars, national sufferings, the disorder of State finances; and this Congress protests that a system of disarmament ought to be decided upon forthwith.

(4) This Congress condemns loans issued for making war and supporting ruinous armaments.

(5) This Congress condemns all interference in the shape of armed force or threats in the internal affairs of foreign states, as every nation should be at liberty to decide its own affairs.

(6) This Congress invites all friends of peace to influence the public opinion of their native land, so as to obtain the improvement of international justice.

(7) This Congress condemns the system of attacks and violence that is applied by civilised nations to savage races, which violent actions should be declared opposed to religion, civilisation, and trade interests.

(8) Agreeing that the best method of securing and aiding

peace consists in the increase and facilitation of peaceful intercourse between nations, this Congress expresses its deep feeling of sympathy with the great idea which led to the institution of the Universal Exhibition.

The Revolution of December 2, of the same year, in France, and the restoration of the new Napoleon, ought to have strengthened the bright hopes of those who took an active part in the meeting held at Exeter Hall. The new Emperor, making the tour of the State, at Bordeaux, soon after assuming his title, delivered the following speech: "Many say that the Empire means war. I say that the Empire means peace, because all France desires peace, and when France is content, all the world is quiet. We have to develop extensive territories, open new roads, construct new harbours, complete the net of railways; we have to establish communication with America through all our large western ports, and increase the speed of communication. We see before us the ruins which we have to rebuild, false gods which we have to overthrow, truths which we must oblige men to acknowledge. This is what I understand the word Empire to mean: these are two victories which I wish to gain."

Almost simultaneously with this speech the Senate of the United States, in February, 1853, applied to the President, advising the bespeaking of arbitration, "as far as possible," in future treaties. The qualifying phrase proved that, although it was the wish of the Senate to gratify the societies of peace, it was not thought necessary to limit the diplomatists. The time was approaching when all would see the value of these decisions, speeches, decrees and opinions. The quarrel between Russia on one side, and Turkey, France and England on the other, would never have taken place if diplomatists had thought more of the interests of their native lands, instead of individual success and bright careers.

Neither Nicolas I. nor the English Prime Minister desired war. When the representatives of the four nations met at

Vienna, and compiled the famous note of July 28, which was accepted by Russia, all seemed to promise a peaceful issue. Disputes soon began again, and relations became strained. The disagreement, which threatened to grow into war, by its substance seemed fitted for arbitration. It was evident that no one wanted to fight. The Sultan up to the last moment was doubtful of his allies. Nicolas I., from the very commencement, wished to settle the question by consent with England, not without foundation relying on Lord Aberdeen's old sympathy with Russia. Napoleon III. only towards the end of the year found advantage in an alliance with England and in conquests in the East. Formerly, his keen policy would have been satisfied with large diplomatic successes. Notwithstanding this, during the most critical part of the negotiations, such qualities of diplomatists and peculiarities of ministerial bungling were displayed as, in opposition to common-sense, creating a situation without exit, entangled the affair and transformed animosity into exasperation.

The instructive variety of causes which led England into war is very sad. Neither Whigs nor Tories had a decisive majority in the Parliament of 1853. The country was governed by a Coalition ministry, led by a nobleman who had begun his career in 1814 by a mission to the camp of the Russian army, and who then enjoyed the friendship of the Grand Duke Nicolas Pavlovitch, a friendship which became still stronger in 1844, during the Imperial visit to London.

The legal authorities of England upheld peace. Dark influences and dark incitements supported war. Lord Palmerston was the Minister for Home Affairs.

Though he was not directly responsible for the foreign policy, he imprudently incited the head of the Foreign Office, Lord Clarendon, to such actions, such expressions, and such appointments as irritated the Russian Government and excited the fanatical patriotism of the Turk.

"My great repugnance to, and even terror of, war," the

sentence in which Palmerston pretended to express his own feelings when discussing Cobden's Bill, proved to be as veracious as the sentence, "L'empire c'est la paix." The Prince Consort, who thought it time to take up the sword, was still more dangerous and less responsible. But the real evil genius was the British Ambassador at Constantinople, Lord Strafford de Redcliffe. He managed to induce Prince Menshikoff to separate the questions of the Holy Land from the question of the protectorate of Christians. This enabled it to be proved to the representatives of other powers that Russia had the intention of infringing the independence of the Porte. He urged the Turks to decline the Russian demands. He convinced Lord Aberdeen that the transfer of the Maltese fleet to the Bay of Besika would be simply a demonstration. By aid of the Paris and Vienna courts he got the fleet into his hands. When the Russians occupied Wallachia, he incited the Turks to cross the Danube. Then he transferred part of the squadron to Constantinople under pretence of defending the Europeans against the Turkish rabble. When, after Omar Pasha's attack against the Russian positions, the Turkish fleet at Sinope was destroyed, Lord Strafford de Redcliffe stated that the British fleet had been grossly insulted, because Sinope was not far distant from the Dardanelles, which had then been passed by the British and French squadrons. In England the party of war had only to make use of the activity of diplomacy. The English nation was informed that their honour and interests were trampled on, that the stubbornness of Russia had led to the necessity of sending an ultimatum to St. Petersburg, and that the ultimatum had not been answered. The newspapers beat the alarm; public opinion declared war to be inevitable; Parliament expressed its trust, and voted money; and the nation agreed to pay, suffer and die.

History has declared this bloody war useless. History may point a moral from the burdens borne by England. A free nation was led into war by the intrigues of its

foreign agents and the wiles of Court diplomacy. Both one and the other were possible owing to the absurd traditions which allowed most important diplomatic intercourse to be secret, and in reports presented to the Houses under the name of blue, green, and yellow books, permitted omissions and silence—in short, a kind of elegant forgery. Thanks to secrecy, bad discipline, dishonesty and fraud, diplomatists proved more dangerous for the national government than any despotic system could have done.

At the present time the danger of self-willed foreign intrigues is happily reduced by the increased rapidity of communication. Railways and the telegraph compel ambassadors to be in hourly communication with the central power. In case of any difficulties, telegraphic instructions can regulate the negotiations. If in 1853 a cable had connected the Bosphorus with the banks of the Thames, the Crimean War might have been averted. The greatest security is publicity. Dynastic interests disappear from politics, and national interests need no secrecy. When universal peace from an idle fancy becomes a near possibility, then Ministers no longer allow a secret to hide international negotiations.

As the war came nearer and nearer, the declarations and petitions of the English peace societies were weakened. These protests were entirely silenced by March 27.

One man remained staunch to the last, using for his motto, "Be just, and fear not." John Bright's fearless speech was delivered at the meeting of October, 1853, at Edinburgh.

"Here, if you become engaged in war, your churches and cathedrals may be decorated with numerous banners. Englishmen will fight now as always, and the sending of new heroes to the field will be an easy matter when all the country is agitated and befooled. You will have great men; you will see a new Wellington, another Nelson, because men capable of any enterprise are born here. You will confer honours and pensions, erect marble monuments

to commemorate men who have become great. But what will become of you, of your native land, of your children? Men who were living between 1815 and 1822 will remember that the country never was in such a strained condition as during that time. The miseries of the labouring classes surpassed all description. You call yourselves a Christian nation. You created an idea of enlightening the entire globe, to its most distant and darkest ends, by the light of religion, every page of which is written in words of peace. Within the limits of this island every Sabbath twenty thousand temples are opened for all who meet to worship the Lord of peace.

"Is it thus? Is not your Christianity an absurd and idle fancy? Is not your religion a fancy?"

When war was decided upon, and all meetings and gatherings of peace societies were suspended, the same orator said in the English Parliament:—

"I am told that war is popular—that it is foolish and eccentric to oppose it. I am doubtful whether war is very popular in this House; but, in any case, let me ask you whether there ever existed anything more popular than the war with the American colonies? But what has become of the popularity of this destructive and infamous war, and will even one person defend it at the present time? Likewise, was any war more popular than the French war? It is immaterial to me whether my actions are popular in Parliament or otherwise. I am only careful that they should be reasonable and just with regard to the principles of my native land. From the depth of my soul I despise every one who speaks in favour of a war which he considers inevitable only because the Press and part of society support the Government in this unjust question."

During the debates on the war budget, Lord Palmerston, desiring to overthrow his solitary enemy, remarked, "A Quaker's love of peace does not compose the chief aim of statesmen." He received the following answer, which history will make immortal:—

"I am not a statesman, and never pretended to be a statesman. This appellation in our times has become too ambiguous and too much stigmatised for an honest man to wish to attain the calling. I have not enjoyed for thirty years, as the Honourable Lord has done, honours and a large salary, produced by State service. I am a common citizen, sent here by one of the first elective boroughs of the State, and represent, possibly weakly, but at least honourably, the opinions of many and the true interests of my electors. Do not think that I alone condemn this war and our incapable, criminal Government. But even if I were alone, if my voice was the only one that was heard amidst the clashing of arms and the exclamation of the bribed Press, I should be comforted by the thought that I had not by a single word aided the ruin of my country and the shedding of the blood of my countrymen."

How far these noble words acted on minds may be observed from the hatred which was evinced by the war-loving party against their indefatigable opponent. At the time when the quiet of all the members of the peace societies was unbroken, the effigy of John Bright was triumphantly burnt at Manchester in November, 1854, and, under a storm of libel, insults and mockery, his strong health so gave way that he was obliged temporarily to leave his native land and seek quietude amidst the Swiss mountains and Italian lakes.

The spectacle of the siege operations at Sebastopol was now set before the eyes of Europe. The fallen hopes of arbitration caused other new methods of international justice to be brought forward. Professor Kaufmann, of the University of Bonne, issued a pamphlet in 1855 under the title *Die Idee und der Praktische Nutzen einer Welt-Akademie des Völkerrechts*. Failing to believe in the possibility of justice on international grounds, Kaufmann proposed establishing a universal Academy of international rights in a form of a council of savants from different countries "for the study and proclamation of justice." The preliminary com-

plement of the Academy was put at thirty-six members: twelve each from France, England and Germany.

Later, other nations were to be admitted to the Academy. The Academy should—(1), In general attend to the growth and development of international justice. (2), Compile an international code. (3), Prevent wars between the five Powers, settle their disputes and proclaim the decisions, which, according to the author's opinion, would be supported by public opinion.

"The Academy does not limit the material power of States. It expresses its opinion either at its own initiative or by invitation of the governments. The decisions, which are printed along with the motives, are fulfilled by the interested States at their option."

The project proposed by the professor of Bonne during the events of 1855 may be considered the first appearance of the idea which later resulted in the establishment of the Institute of International Justice. As a method of pacifying Europe, Kaufmann's Academy would not bear criticism. It only served as an additional proof, for the example of future supporters, that illogical incompetency must result from narrow doctrines and the ignoring of political views. The United States, owing to the great distance between America and Europe, and Russia, owing to her backwardness, were excluded from the universal Academy. But the German Union was represented by twelve Germans, elected, we suppose, by the Frankfort Diet, a meeting hated by the best men of Germany and despised even by those who re-established it in 1850.

It would be interesting to learn what part these twelve German deputies were to play in case of a collision between the interests of Austria and Russia.

The societies of peace, which during the struggle had displayed no signs of life, made themselves heard when the war ended, and a congress was held at Paris. This meeting excited great hopes, owing to its international character, and even up to the present day the record of its proceedings is valuable to international jurists.

In reality, the personal honours and the eloquent resolutions resulting from it hid a series of useless, impossible and absurd decisions. The neutrality of the Black Sea, the enforced absence of men-of-war from this sea, the prohibition with regard to the erection of fortresses along the shore, were founded on the supposition that Russia would consent to this degrading and oppressive limitation of her rights.

The abolition of interference in the affairs of Turkey and the joint guarantee of the integrity and independence of the "Sublime Porte" were the consequences of a blind belief in the Firman published by the Sultan, in which he spoke of his "ceaseless care for the welfare of his subjects," and also expressed the noble intentions of his Majesty concerning the Christian population of the country.

The promises of the Porte were with difficulty contained in three pages. One was very soon kept. "To attain these aims, it is necessary to find means of adopting the science, arts and funds of Europe." Turkey adopted the funds.

The principalities of the Danube, which had been the chief causes of the quarrel, were subjected to the enlightened protectorate of the Porte. Moldavia was separated from Wallachia.

Having given shape to their decisions, the diplomatists felt a new flow of energy. They decided to take advantage of their international character. The slave trade excited general condemnation. The rights of naval war were revised. Privateering was prohibited. "La course est et demeure abolie." Individual property at sea during times of war might become the booty of the enemy's men-of-war, but not of the privateers. Great Britain was obliged to agree to waive the right of examination. England always demanded the right of capturing in the open sea the merchandise of the enemy, even though these goods were on neutral vessels, and with this aim searched trading vessels of neutral States. It was unanimously decided that all the enemy's

merchandise, excepting military contraband, should not be liable to capture when under a neutral flag. Neutral goods found on the vessels of the enemy were also to be free.

One of the results springing from the Paris Congress was the codification of the milder customs of war. Sometimes hopes were expressed that voluntary limitations, undertaken by the parties at war, were first steps toward perpetual peace. We consider that there never existed illusions more dangerous. The miseries of war are softened not because humane feelings predominate over greed, but because greed predominates over savage instincts.

In modern wars there no longer exists that all-destroying hatred which was displayed in the ancient times. We desire to inspire the enemy with as much fear, and as little exasperation, as possible. Fear is useful, because the frightened will sooner confess themselves conquered. Exasperation, even amidst the weak, may cause forlorn bravery, which possibly may turn the victory into defeat, and will, in any case, increase the difficulty of total success. The sparing of peaceful inhabitants and the good treatment of prisoners is more advantageous. Savage destruction and the massacre of the routed enemy, even while asking for quarter, would cause the establishment of a new army by the country thus barbarously handled. "Surrender," says the warrior to the armed foe, "and I will not only spare you, but will save and hide you." The soldier considers every man who has thrown down his arms to be a reduction of the chances of death and difficulties. "Do not run away from me, but give me shelter," says the victor to the peaceful inhabitants, "and not only you, but your family, your dwelling and property, shall be safe." The care of the enemy's sick and wounded is a burden which is repaid a hundredfold.

The conduct of naval warfare also corresponds with cool and reasonable egoism. Humaneness and the feeling of right have not much room here. The abolition of priva-

teering and the right of search of neutral vessels appeared at the same time. Privateers certainly caused much damage to the trade of the enemy. But the control of privateers is difficult, and once they are past control, then at any moment complications with neutral governments should be expected. On the wide ocean it is difficult to observe whether all privateers are abstaining from the capture of neutral vessels. The better organization of prize courts and the constant readiness of the authorities to consult with the students of international justice in these questions cannot be considered the consequences of a love for what is essentially right. The better organization of prize courts is desirable for the parties at war as well as for the avoidance of disputes with neutral powers, which may end in giving the opponent a powerful ally. In view of these decisions England waived the right of search of neutral vessels, a right which gave rise to the famous marine league against England in the year 1800.

The days of the Paris Congress, in the spring of 1856, were remarkable for what we may call an epidemic of ardent hopes. Lord Strafford de Redcliffe, the person chiefly responsible for the useless and destructive war, received an address from the English missionaries, who believed in the commencement of a golden age for the Turkish Christians as a result of the indulgent Firman issued by the Sultan. "We have been informed by an official high in the Imperial service," wrote these simple people, "that our dear hopes will evidently soon be realized. Light will brighten those who so long have been in darkness, and, enjoying universal welfare and religious freedom, millions of Turkish subjects will live long in the shade of their vineyards and fig-trees." The ground was cleared for the appearance of the peace societies in the political arena. The London society decided to come forward, and elected three deputies: Charles Hinley, the chairman of the Congress of 1840, Joseph Sturge and Henry Richard. These deputies visited the representative of England, Lord Clarendon, for the purpose of asking him

to propose to the conference a scheme rendering it obligatory upon disputants to pay heed to the intercession of friendly nations. Hinley proposed that Lord Clarendon should accept the resolution of 1843. Lord Clarendon appears to have hoped that the fluency of diplomatic language would satisfy the petitioners and earn for himself fame as a peacemaker without in any way binding his government or creating any unpleasantness for himself.

In the Paris treaty, only just signed, clause 8 stated that if disagreements should arise between the Sublime Porte and the powers that had signed the treaty, then, before resorting to force, they should apply for the intercession of such other States as were not at all affected by the dispute.[1] In reality, this clause was directed against Russia, who, in case of dissensions with Turkey, undertook to apply to the European concert. Nevertheless, these hazy and general expressions presented the clause in the form of a peacemaking and safe formula for all international intercourse. Referring to this clause and having expressed his horror of war not less strongly than Lord Palmerston had done, Lord Clarendon proposed to the representatives who had signed the minutes to draw up a decree which would cause European peace to be firmly established, without in any way affecting the independence of governments.

The representative of France, Count Walevsky, had evidently spoken of this matter with the English diplomatist, and had received instructions from Napoleon. At the meeting he stated that he saw no obstacles to including in the minutes the expression of a desire that would be in agreement with contemporary inclinations, and would in no respect limit the freedom of action of the governments.

[1] S'il survenait entre la Sublime Porte et l'une ou plusieurs des autres puissances signataires un dissentiment qui menaçat le maintien de leurs relations, la Sublime Porte et chacune de ces puissances, avant de recourir à l'emploi de la force, mettront les autres parties contractantes en mesure de prévenir cette extremité par leur action médiatrice.

Although affairs had assumed so favourable a complexion, the defender of Austria's interests was found to be in a doubting mood. In fact, Count Buel stated that he could not in the name of his government accept the absolute obligation, which would have the effect, as he protested, of limiting the politics of the Vienna cabinet.

Clarendon quieted the Count, and explained that every power was to remain, as formerly, the only judge in questions touching its honour and interests, and that he himself was opposed to the idea of limiting the power of governments, and wished only to give them a chance of not taking up arms in cases of disputes which might possibly prove capable of settlement by other means.

The Prussian representative, Baron Manteufel, could not let slip so fine an opportunity of exercising his talents for hypocrisy, which from 1850 to 1860 formed the predominant element of the internal and external policy of Berlin. Manteufel triumphantly stated to the members of the conference that the King of Prussia was devoted to peace, and that, therefore, he, Manteufel, fulfilling the desire of his king, accepted the proposal of Lord Clarendon.

Count Cavour did not like all this. Obliged to dissemble and intrigue, owing to the hard circumstances in which his native land was situated, he did not wish to increase the sum of official untruth without any necessity. He sent his Sardinians to the Crimea to die for a cause foreign to them only to ensure a powerful ally for the forthcoming struggle with Austria. He sat in the diplomatic conference at Paris, debating the defence of England's interests with Count Buel, who did not suspect that a storm was gathering over Austria. He made friends with the Republicans, whom he hated, bowed before Napoleon III., whom he despised. Now he who had all the time been counting the number of battalions and guns which Piedmont might advance towards Milan was presented with an invitation to help forward perpetual peace. It is true that this was in a dim and intangible form, but he

would have liked to sign it in a sincere spirit. He would have liked to avoid a new compromise with his conscience. He gently tried to influence his comrades against Clarendon's enterprise. But Count Walevsky decided that the ceremony would not be complete if the London deputies left in a discontented frame of mind, and so insisted upon Lord Clarendon's motion being carried. Cavour was afraid of resistance, lest he should frighten his enemies beforehand. The resolution was passed and signed on April 16th, 1856, in the following form:—"Messieurs les plénipotentiaires n'hesitent pas à exprimer au nom de leurs gouvernements le vœu que les États, entre lesquels s'éleverait un dissentiment sérieux, avant d'en appeler aux armes eussent recours, tant que les circonstances l'admettraient, aux bons offices d'une puissance amicale."

In addition to this desire, the plenipotentiaries expressed a hope that any government which had not taken part in the Paris Congress would take note of the wish entered in the minutes.

Hinley, Sturge and Richard, rejoicing in success, returned to London, and were received with triumph at the meetings of the societies. The Paris resolution produced matter for numerous meetings in favour of peace, so that little by little as many as forty governments, with very different degrees of power and martial spirit, stated their wish to sign the minutes.

The writers on international justice have discussed these minutes in their essays, expressing very different opinions concerning this case. For a historian it is not difficult to estimate the value of the minutes, which, though filled with praise of peace, have not averted a single war.

Diplomatic hypocrisy conquered the simple supporters of humane actions. In the same way that excessive display of untruth and evil often serve as salutary and lasting warnings, so the infamous treaty of 1856 should convince all and every one that parchments with seals and the signatures of ambassadors will never produce eternal peace.

CHAPTER VI

The Seventh Decade of the Nineteenth Century—A New Era.

DURING a period of ten or twelve years, from 1859 to 1870, the fruits of the efforts of ages worked a change in human life. During these memorable years there occurred social and political changes which created a new era in the history of mankind. Jointly these changes have more importance than the limits which divide ancient history from that of the Middle Ages, or the Middle Ages from the new times.

The release and union of Italy was accomplished between the peace of Villa-Franca in 1859 and the occupation of Rome in 1870. The Italians acquired a native land.

The name of the peninsula, which formerly had only a geographical meaning, now denoted a great power.

The universal importance of facts was expressed first of all in the abolition of the worldly power of the Pope, an advantage of little use for religious aims, since thus the great power of Catholicism was transformed into a permanent weapon of oppression. The union of many minor provinces that had hitherto served as baits for powerful neighbours and casual dynasties was of great importance for all Europe. The constant changes in the map of Italy for so large a number of years frequently created friction between different governments; and the provinces which served as an object of capture, exchange, inheritance and sale were populated by a race which had a lively national feeling and was inspired with an active hatred of various foreign and native despots. The miseries and oppressions

of Italy served as a source of enmity for other nations. Europe before 1859 and Europe after 1870 seem as if they were two different parts of the globe.

The union of Germany produced consequences of not less importance. The country from the Rhine to the Vistula for over a thousand years either served as a temptation to conquerors or was sending out armies which attacked the French, Italians and Slavonians. Up to the day when the German Reichstag assembled in Berlin in 1871, the German sovereigns, commencing with Frederic Barbarossa, played alternately either a passive and degrading part, as did the Italian governments, or made efforts to create mixed kingdoms of small fragments of German lands and large seizures beyond the frontiers. The efforts of the Saxon, Francone and Hohenstaufen dynasties failed. The Holy Roman Empire, which existed up to 1806, was not holy, or Roman, or imperial at all.

If we compare the collected sovereignties which fell under Napoleon's blows with the edifices that were erected by Bismarck, it is not difficult to examine the entire bulk of the change effected. The legal rights of one and all were preserved, from the King of Bavaria to Prince Rudolphstadt; from the compensated Count to the labourer of Berlin. The monarch owning the greatest share of German land became the head of the sovereignty. Minor kingdoms predominated in the union. In the Reichstag the majority of the members represented Prussia; but the Reichstag was the representative of the nation, where Conservatives, Catholics, Radicals and Socialists occupied the same benches.

The victory which created united Germany facilitated the establishment of legal order in Austria. The spirit of toleration, the love of liberty, the doctrine of non-interference were strengthened in the capital, where a power existed which had long been considered the sworn enemy of all liberal efforts. The politicians whose aim had consisted in supporting the fierce reaction everywhere from St. Petersburg to Buenos Ayres had either to change their views or

else to become nonentities. This federate kingdom deduces its right of existence from the rights which gave its nationalities a wide autonomy, and the connective power is founded on parliamentary bases. Austria abjured interference with Italy and Germany. From this part of Europe no one expects either aggressive inclinations or meddlesome actions. The Hapsburgs in a few years abjured all the traditions of many ages.

In 1870 a republic without republicans was formed in France. All the principles of 1789 were brought to life without the violence and terror which were the consequences of the first great revolutionary explosion. Universal suffrage for the first time appeared free from any official pressure. The insurrection of September 4th, 1870, was a bloodless movement: the results proved more stable than any changes witnessed by the country during a hundred years. The democratic republic became stronger, replacing monarchical and reactional elements by elective urns. Property and individuality enjoyed a safety which would have been envied in the time of the Empire or the Restoration. The prosperity of the middle class was made firm. The lot of the nation was as good as social order and military burdens would permit. The press and the tribune enjoyed unlimited freedom. The speeches of the irreconcilable deputies in the Chamber did not prevent the idle aristocrats from enjoying themselves in their castles. The fiercest proclamations of Socialist papers were peacefully read by the man in the street and the dandies at the Grand Opera. Never had the Boulevards of Paris seen such a numerous and brilliant crowd of foreigners from all parts of the world.

The democratic legal system instituted in France after the war caused many complaints. Liberty often appeared in repulsive forms, and involuntarily reminded many observers of Macaulay's well-known metaphor, in which liberty was likened to a bountiful fairy, who sometimes assumed a hideous form, but endowed with the largest rewards those

who did not drive her away on account of her temporary ugliness. The woeful intrigues of political parties, the bribery of deputies, hired newspapers, excesses of plutocracy, the endless change of ministers, suspicious expenses, the growth of mediocrity and spread of opportunism caused a painful impression. A group of fierce and desperate maniacs decided to renovate society by dagger and bomb. Panama and dynamite are reproaches directed against the third republic by its enemies. The reproof is not an exaggeration. The French constitution, and the political order nourished by it, participate in the imperfection of all things on earth. In the midst of relative welfare, accessible under the present social conditions, France suffers from several of the misfortunes common in countries with worse forms of governmental organisation. Vanity, greed and hypocrisy of the ruling classes, the sufferings of a great part of the nation, the poverty of the masses side by side with the increasing wealth of the minority—these are bitter facts observable in all civilised countries. The healing of all social diseases is the duty of the future. It is not possible to expect that the efforts of one generation will work changes which will exclude material privations from the list of the burdens of life. France's general order comprises the surest elements of healing the negative appearances which cause the outcry of impending ruin and the destruction of the country. The fairy will soon throw off her ugly mask and stretch forward her powerful sceptre. It is much that political liberty should have been established on broad bases, and internal peace ensured. Neither the Bourbons nor Bonaparte would have dared to maintain such an army as the French at the end of this century bear with, and will bear with, till the day when better conditions of earthly life shall render armies unnecessary. External politics have chosen the only reasonable course for the first time. A close alliance with a distant monarchy—an alliance which was so sincerely projected by both Napoleons, though it was not brought to a successful issue either by the King of France or by the

king of Frenchmen—is now a fixed matter, owing to the patriotism and reason of democratic republicans, the representatives of a "republic of lawyers."

The English have the moral right of remaining quiet witnesses of continental facts. Law and liberty, which had only just conquered violence and oppression in Italy, Germany, Austria and France, had long been firmly established in the United Kingdom. But the years between 1860 and 1870 were remarkable years for England. The elective powers were increased in 1867, and the reform accomplished by the further reduction of qualifications for a vote; the working-class now appeared on the benches of Parliament. The old oligarchy of the Whigs was engulfed by the national element. Greater importance is attributed to the abolition of secular injustices in Ireland, which had for ages been a burden borne by both English parties, and which disappeared only under the world-famed victory obtained by humanitarian ideas. The national church of Ireland was abolished in 1869. This church formerly collected a tithe from Catholics for the sustenance of Protestant churches and clergy. A bill was passed in 1870 protecting the Irish agriculturists from the oppression of landlords.

Part of the English nation established a realm beyond the ocean. This was politically independent, and accepted primitive forms of government organisation; but in reality the national character was the same as that of England. In the resistance which this colony showed to the government of George III. at the end of the eighteenth century, the great Pitt, Lord Chatham, acknowledged the spirit of the colonists to be such as had in former days resisted the oppression of the Stuarts in England. "It is the same spirit which established the essential, fundamental and great principle of our liberty. . . . This glorious spirit of the Whigs inspires millions of people in America, who prefer ruin and liberty to gilded chains and degrading welfare. Defending their rights, they will die the envied death of free people." Macaulay, Bright, and even sup-

porters of the Southern States, considered the North Americans to be Britons. The greatest men of England declared that the great republic was the pride of England, and her creation. But this free country, in many respects far more advanced than the metropolis, owing to local individualisation and the principle of provincial home rule, had to bear with negro-slavery, abolished in English colonies by the laws of 1815, 1824 and 1833. Slavery in the United States was heavily felt in the entire world, as it supplied the supporters of oppression and the enemies of liberty with a powerful argument against all institutions of right. When the civil war broke out, the dark powers of bigotry might have been judged by the degree of animosity directed against Lincoln's cause. The great stake, risked with almost insane bravery, was won. North America became the immovable bulwark of all vital matters connected with the rights of individuality. After the capitulation of the last armies of the rebel states, in the well-remembered year of 1865, the darkness which had so long threatened the fine future of humanity disappeared for ever.

The simultaneous triumph of new ideas in different parts of the globe cannot be considered a casual coincidence. The mutual influence of one nation on the other was expressed very visibly in 1848. Ten or fifteen years later, public consciousness was strengthened everywhere. The antiquated institutions which burdened the development of the nation had visibly lost their last remnant of moral power, and were only kept alive by routine. The ideals of advanced people —ideals which had withered during a series of revolutions— were in some countries acquired by the majority of the population, and in all countries by the intelligent class. Novelty did not frighten statesmen; individual liberty and legal order became vital necessities—belonging to the normal growth of a civilised state.

The parallelism of the struggle was evinced in the unity of ideals and the similarity of moral exteriors of enemies. Austrian reactionaries, Roman monks, prefects of the Second

Empire, Prussian non-commissioned officers, Irish landlords were all set in a line. The struggle with them became a historical necessity in the seventh decade of the nineteenth century. The same influences were reflected in the fate of Russia at this period. The western revolutions were certainly only very slightly felt, but humanitarian ideas were noiselessly spreading among the intelligent classes. Literature did not do less for Russia than the national movements of the rest of Europe. Year after year, from the times of Pushkin and Griboyiedov to the time of Nekrasov and Saltikov, the re-education of society was carried on. Every great name seems to have marked an era. The nation created literature, literature elevated the self-consciousness of the nation. A series of radical changes, of more importance than the changes of Peter the Great, were effected in 1860–1870, and changed the former life of the country, and even many of the people's habits. The connection of the era of changes in Russia with the general movement in the west is not to be doubted. The coincidence of time was not casual. Just as in the west, so in Russia, the fifty years which elapsed after 1815 were sufficient to gain a victory over reaction. The movement, which in the west might be compared to a strong stream in flood, in Russia might have been compared to an underground river, secretly gathering strength and bursting out in the year of the liberation of Italy.

After the era of reforms in Russia, the family of civilised nations was increased by millions of lives. The importance of the reforms effected was displayed chiefly in the change of traditions in the external politics of Russia. The violent opposition of national inclinations, the armed support of reaction, became mere matters of history. From this time Russia, inspiring greater fear to governments, ceased to inspire any fear to nations. The effected reforms were increased by a fact whose importance is possibly not less than the discovery of America. The Suez Canal was opened in 1869. The consequences of Lessep's work put all

the actions of conquerors in the shade. All parts of the globe were united in one. Vast expanses, inaccessible until then for civilisation, now joined it, at the exact moment when a breath of fresh air blew over Europe and America.

India, Australia, China and Japan became, as it were, much nearer to Europe. Steam navigation developed to an astonishing extent. The cost of freight between the shores of the Pacific Ocean and the northern ports of Europe became twenty times less. Railways were laid through virgin tropical forests. Works and mills were erected in the vicinity of savages who were yet unacquainted with the use of clothes. The market of exchange became universal. It became profitable to bring the produce of agriculture from distant countries, where the virgin soil annually yields three crops. Colonisation and emigration movements increased tenfold.

The influence of the facts of 1859–1870 on the life of the universe was further increased by the reciprocal action of effected reforms. The liberation of Italy, the strengthening of the republic in France, the fall of international reaction, the union of Germany, the liberation of the peasants and other reforms in Russia, the abolition of slavery, the Suez Canal—these were facts which occurred nearly simultaneously, and the total change effected in the conditions of human existence may be mathematically expressed as the product and not the sum of new influences. In less than fifteen years all was changed to such an extent that any one comparing the fiftieth and seventieth years of the century might very well imagine himself to be considering the affairs of two different planets. The prophetic words of Kant concerning the accelerative forward motion were literally fulfilled.

Before discussing the question, which arose in a new light after 1870, of how the new era influenced the question of perpetual peace, we should conclude the examination of

such efforts as during the latter thirty years of the 19th century were connected with a system of international justice, temporary or permanent, and of international organisation.

CHAPTER VII

The Alabama Dispute. The Forms and Peculiarities of International Arbitration. The First Codes of Law. The Activity of the Institute of International Law.

ON September 14th, 1872, the inhabitants of the town of Geneva heard the noise of cannon being fired by their gunners. This triumphal salute was made in honour of the thirty-second meeting of the International Arbitration Court, which, after sitting for eight months, had at last settled the famous Alabama dispute between England and the United States. Ten years of dispute caused by the open and secret support shown to the Southern States by the British government during the Civil War were ended by a decision to which both sides submitted; the English government, pronounced guilty of not observing the duties of a neutral government, paid, literally obeying the decree of the Court, an indemnity of 15,500,000 dollars.

The news of the peaceful issue of the dispute was quickly carried all over the world, and caused a marked sensation. The supporters of international justice gave great importance to this issue. The means of the peaceful settling of dissensions between powerful States were finally found—found and acted upon. The possibility of an international tribunal was proved. Peace societies commenced adopting a victorious tone. Several more steps, said the orators, along the path of arbitration, and peace would be established for ever.

But the voices of sceptics were soon heard. The German jurist, Hefken, first pointed out that the Geneva decision presented only the solution of such a dissension as in no

case could have caused war. Hefken thought that the United States were exhausted by the late Civil War and England occupied with the radical reorganisation of her land and sea forces. Count Komarovsky, disputing the opinion of Hefken,[1] says that many wars have been caused by smaller motives, and that, notwithstanding the desire for peace expressed by both sides, the Alabama dispute might have created the same dangerous and inimical relations between England and the United States as those which existed between France and Germany after 1871.

According to our opinion the affirmation of Hefken[2] is perfectly true. But the impossibility of war resulting from the Alabama question was not caused by the exhaustion of America or the military reorganisation of England. The treaties concerning the Alabama question were commenced in November, 1862. The insurrection of the Southern States was suppressed in 1865. In June, 1872, the success of arbitration was doubtful, as the American diplomatists presented great demands and made efforts to procure an indemnity equal to nearly half the war expenses. In their opinion the support rendered by England to the Southern States prolonged the Civil War for two years, so that they ought to receive about £200,000,000 sterling. The demand in respect of indirect losses was waived by the Court, and from that moment the prolonged affair assumed a more concrete character. If the dispute had been likely to cause war, there would have been time enough for the United States to recover after the war, and for England to make necessary preparation both in her army and her fleet. It was difficult to expect war over a dispute the discussion of which extended for ten years, and then was held in abeyance for more than a year. Arbitration in the case of the Alabama dispute, to every unprejudiced observer, was not the way of evading war, but, as in all secondary dissensions among States, was re-

[1] *On International Courts*, page 222.

[2] This opinion is supported by Professor Lorimer, of Edinburgh.

sorted to as a convenient method of settling a question, the tangled condition of which was equally disagreeable both to the claimant and the defendant. The British ministers strongly desired, by the payment of a sum not heavy for wealthy England, to settle a dispute of which every one was heartily weary. The justice of the American demands was acknowledged by many Englishmen.

Diplomatic negotiations (in the form of exchange of messages and useless polite conferences between representatives) in this case suffered from technical defects. The reality of the dispute consisted in how far the English government was guilty of the negligent and prejudiced control of her local agents over ships which, being built in England, were afterwards turned into dangerous privateers, that captured and sunk North American merchant-vessels. The question was such that even war could not have settled it. The affair consisted in making reparation for an injustice committed.

The treaty concerning arbitration was concluded, and it was stated in Geneva that Great Britain was ready to accept judgment, whether it should turn out to be favourable or unfavourable. She only wished it to be just, and based on the true interpretation of international rights and those principles which she and other great States, either neutral or at war, can acknowledge with pleasure and be directed by in future times.

The decision of the Court was a proof of its far-seeing character. Refusing to discuss the enormous claim of the United States for indirect loss, the Court honoured itself by reconciling the contending parties, and also brought to pass a state of affairs which might well have been a matter for a separate agreement. Having discussed the question of the laxity of the English authorities in permitting the building of privateers, the Court acquitted England in all doubtful cases, and absolutely condemned her with regard to three vessels, the *Alabama*, the *Florida*, and the *Shenandoa*. The sum of the indemnity was determined

with wise moderation. The total was not so small as to cause contemptuous protests. The direct, indisputable losses, caused by the exploits of the *Alabama* alone, stood at sixty merchant-vessels and one battleship sunk, and their total value was about half covered, with a reasonable margin of interest. By the English exchequer the payment was naturally felt, but it could not present a serious burden. For the United States, who received a sum far less than that named in most modest expectations, there remained this moral condolence, that the decision was in their favour.

The moderate action of the Court induced England to send the stipulated gold to America and the United States to deem it better to be satisfied with the issue of so lengthy a dispute, and to declare herself fully appeased. The representatives of the States successfully played the part described in the French phrase, "Faire bonne mine à mauvais jeu." As to the other party involved, numerous eloquent declarations in the House of Commons proved that on the English side of the ocean an effort was made to acquire universal praise for British unselfishness.

Several of the speeches touched upon the hopes which were founded on the peaceful settlement of the *Alabama* dispute.

"Perpetual peace is near, should all political dissensions be settled by decrees similar to those in honour of which the reports of cannon sounded from the ancient parapet at Geneva."

The orators were addicted to regrettable exaggerations. There could be no precedents established by the Geneva decree. The decree did not avert the possibility of war, because no such possibility existed. The decree did not promise perpetual peace, because all discussions and decisions touched only one question, namely, the proper observation of neutrality. The judges strove to work out the normal relations of a neutral State to a State of war. Many efforts were spent in defining the meaning of "proper

diligence" in the observation of neutrality. Not the respect of neutral rights, but the fear of making a fresh enemy, is the reason why rulers of armies and fleets submit to the advice of the learned.

The excellence of the tone maintained at the sittings of the Court, the high tact with which the judges upheld their dignity, the genial sympathy of the Swiss government, the expert language, by means of which the judges escaped from expressing too straightforward a view of the authority placed with them, together assisted in hiding the unsightly truth. Many were deceived. The Court settled a dispute between two powerful States; explanations were given by two governments possessing millions of lives and uncountable gold. The Court, in an authoritative tone, expressed its opinion with regard to the rights and duties of the strongest military powers. The decision of the Court was carried out. This was sufficient for the peace societies of all countries to greet the event at Geneva as the first news of the speedy suppression of war.

In 1875 a meeting of the joint union of the representatives of the working classes of England and France was held in Paris, on September the sixth and seventh. The initiators of the Congress strove to procure the support of the "fourth estate" for the idea of arbitration. The union expressed itself "with energy and heartily in favour of international arbitration as a practical method of applying the ideas of peace and justice, which compose the necessary conditions of contemporary civilisation, in the international sphere. Labourers of all nations are invited to take part in this movement, the aim of which is the establishment of perpetual peace, and they are advised to elect only members who are true to the idea of arbitration."[1]

During the Universal Exhibition of 1878 in Paris, a peace congress was called. Delegates from fifteen societies arrived from different countries. A universal peace union was arranged. It was named *Fédération Universelle de la*

[1] *On International Justice*, page 317.

Paix, and a declaration similar to the London decisions of 1851 was passed.

Of the apostles of peace the future historian will write, saying that during twenty-seven years "they neither learned nor forgot anything." It is impossible to enumerate all the agitations, and there is no necessity for doing so. What has been said above is sufficient to give an idea of how useless were the debates instituted by the friends of peace.

The uselessness of vainglorious declarations is increased because of the orators being very slightly acquainted with the literature of the question. At the time when decisions concerning the compilation of rules of arbitration were signed, men of deep learning had already done all that was possible. In 1872 Dudley Field compiled a code of laws which Count Komarovsky called excellent.[1] The code postulated two essentials: a comittee composed of international experts, and a high tribunal of arbitration. Countries engaged in dispute, not having arrived at any settlement by diplomatic negotiations, were to take part in the committee. The committee was to have the right of taking six months before giving a final decision. Should no decision be arrived at, or should the decision passed not be ratified by both sides, the affair was to be delayed for six months more. Finally, the high tribunal of arbitration was to be summoned. Three months might be spent in electing the members of the tribunal, the decree issued by which was to be decisive. It will be remarked that with this plan in operation the settlement of every affair would necessitate a delay of about two years, even if the tribunal were to conduct all its business quicker than the Court did when the *Alabama* dispute was being considered. The practical application of the decree was to be ensured by the military forces of the States which had signed the code. The force of all armies was to be determined very exactly, one soldier being allowed for every thousand inhabitants.

[1] *Ibid.*, p. 433.

How far and to what degree Field's code is applicable we will not discuss. Representing a very respectable and systematic work, this code at any rate gave more definition to the general wishes, hopes, and decrees of congresses. In one respect, in conjunction with the *Alabama* experience, Field's code undoubtedly (although possibly not of set purpose) aided the disclosure of the truth. The periodical discussion of theories of international arbitration in its initial stages proved the necessity of very long intervals of time between the beginning of the disagreement and its final settlement. The compilation of reports, exchange of protests from both parties, the always possible delay for supplementary inquiry, the terms of appeal, naturally hinder the settlement of the dispute. The *Alabama* inquiry demanded the constant attention of the Court for eight months, from December 15th, 1871, to September 14th, 1872. Before the calling of the tribunal five months elapsed in negotiations; the Washington agreement was signed on the 8th of May, 1871, and from the date of signing the agreement to the first session six more months elapsed. In all, from the day when the contending parties agreed to submit to arbitration to the pronouncement of the decision, not less than twenty months passed. The periods stated by Field would have been insufficient for the *Alabama* dispute, the preliminary negotiations in regard to which covered a period of several years.

The fatal necessity of having patiently to await the decree for two years is by itself enough to limit the development of the practical resort to arbitration. This peculiarity alone is sufficient to make arbitration utterly inapplicable to those dissensions which at the present time are liable to cause, and really do cause, wars between civilised nations. The political horizon becomes clouded all of a sudden. The news of dangerous difficulties arrive with the rapidity of a lightning-flash. How little human foresight may be relied on is proved by the mobilisation plans of military States. No government whatever hopes

to foresee the approaching war, even a few weeks in advance. As soon as a collision of interests takes place, all relations are instantly changed. Animosity caused by opposite interests and diverse national character prevents a calm and healing delay. Inflamed by the press, which plays an injurious part in days of dissension, public opinion demands speedy settlement or immediate sacrifice to the god of war. Political avarice has good reasons for not deferring the decision *ad calendas Græcas*. Life and events move so quickly in the present day. During the eighteen months or two years necessary for the tribunal of arbitration to pronounce final judgment, too much water will have flowed under the bridge, and the decision will prove to be of little use. The period necessary for the decision of a tribunal of arbitration proves that such a tribunal can be resorted to only in such cases as do not threaten war; in disputes, that is, similar to the *Alabama* question, which would never have caused war.

In 1873 the German jurist, Goldschmidt, compiled a fuller code, and presented it for perusal to the newly established Institute of International Rights.

Goldschmidt's able work is generally acknowledged to represent a code of all "that up to the present time has been done by life and science" for the question of arbitration.

The institution, the officers, the authority and order of meetings of the tribunal are all defined in detail by a series of clauses. Goldschmidt—to his lasting honour—did not fall into illusions concerning the influence of arbitration on the relations of independent States. What disputes should be settled by arbitration? "Only disputes of a juridical character," says Goldschmidt. "Difficult political questions, in which national interests are mixed, questions of equality or superiority of rights—such questions cannot be settled by any tribunal. They are questions of might and not of right. Powers possessing even the slightest strength of opposition will never submit to a tribunal when the

interests at stake are high, even though such interests be suppositional. The cases that have been in the past successfully treated by arbitration were such as were suitable for examination by a committee, and a happy result was obtained only because of the special form of the questions in dispute.

Continuing his code, Goldschmidt states plainly that every similar separate agreement between powers regarding arbitration should be placed upon a higher level than any general rule. His code, as any other similar compilation must necessarily be, he considers a supplementary manual, even though it be approved by all powers. We remark that in international arbitration the ruling principle is the reverse of the fundamental legal statute, "Jus publicum privatorum pactis mutari non potest." Arbitration is not applicable to the settling of political disputes; it has a very peculiar legal character. In reality, international arbitration has only a legal exterior, but not the substance. International justice will only be possible when collisions of interests cease to occur between international powers.

The code of Goldschmidt proves, more conclusively than any former works, that other sad but unavoidable peculiarity of arbitration in international questions, namely, the very slow progress of settlement. Field considers eighteen months necessary for the proceedings, but Goldschmidt demands two years and six months, including the periods of appeal.

The famous Belgian, Rolain-Jacquemain, initiated an Institute of International Rights. This Institute, formed in 1873, devoted its first meetings to the compiling of a set of rules to govern arbitration, Goldschmidt's work serving as a convenient base on which to work. This Institute is still in existence, with a limited number of members. It prints its works, minutes and decisions, but does not permit the public to be present at its meetings, so as to avoid all pressure of feeling and all incentives to rhetoric. The

Institute of International Rights has the following aims: (1) To formulate the fundamental principles of political science and aid the codification of international rights. (2) To make efforts to have these principles practically acknowledged. The question of perpetual peace has never been spoken of in the Institute. At the commencement it was decided, and this decision has always been upheld, to establish an Institute in no respect similar to the noisy assemblies of peace societies. The founders of the Institute showed a fear of imitating the eloquence and the manners of the members of these societies. Effective debates with a numerous audience, positive promises, triumphal hopes, expressed in a fiery language, presented no attractions for the earnest and logical members. The series of congresses of peace produces negative results in this respect.

Commencing with the regulations for arbitration courts, the tribunal made no objections to the statement of Goldschmidt concerning the limited number of questions subject to the management of these courts. The sound reason of these thinkers soon perceived arbitration in its proper light.

The end of Goldschmidt's book is devoted to a question natural to nearly all lawyers, namely, In what cases may the decision of the court be repealed? The eleven causes of cassation (with subdivisions) treated of in this scheme show that the author strove to exhaust the question.

After this, the question of pointing out the method of forming a new court for discussing complaints naturally arose. Goldschmidt proposed forming an international court of cassation, permanent or temporary, or to give the necessary authorisation to one of the higher national courts. This necessitated the prolongation of the former period required for the full proceedings by no less than eighteen months.

After prolonged discussions, the Institute declined all the final part of the scheme concerning cassation, and was satisfied with one clause, which read as follows:—

"The decision of the court of arbitration is of no effect if the compromise is void, or should the judges exceed their authorisations, or should one of them have been bribed, and this proved, or should they have been essentially deluded."

According to Goldschmidt's statement and that of the upholders of his scheme, the absence of definition of the order of appeal or cassation deprives the court of the right to be called an institution of justice. They were right in one respect: in view of the contemporary relations existing between nations, an organ of justice for international questions is impossible. This decision is a testimony to the sound sense ruling the Institute. Should the dispute be settled in one or more instances, the guarantee of fulfilment is not increased. All is based on the free-will of both sides. Had machinery for cassation causes, and for appeals from the findings of arbitration courts, appeared in the regulations of the Institute, the whole project would have become a useless piece of paper. If in the *Alabama* dispute one of the sides had found it necessary to appeal against the Geneva verdict, every one would have understood that the arbitration had been unsuccessful.

Having issued a list of its regulations, the Institute did not return to the question of international justice. During a period of twenty years the Institute produced a series of most important works on civil and commercial law; several decisions were passed concerning nationality, legal capacity, foreign inheritance, the obligatory force of laws, marriage and divorce, guardianship and wardenship, statute of bills and letters of exchange, and limited liability companies.

The Institute discussed the following questions: in criminal law, the extradition of criminals; in naval law, the insurance of vessels and merchandise, the general instructions for avoiding collisions between vessels, the slave trade, the neutrality of the Suez Canal, the preservation of telegraph cables. Finally, in regard to that grievous part of political science which is called "the right of war," the Institute expressed a series of opinions concerning prize

tribunals. The importance of the work of the Institute may be understood by any one scanning the list of its publications. Its influence is hardly observable or determinable externally, but in reality it is stronger and deeper than voluminous treatises and diplomatic notes. Hardly a single law is passed concerning individual or public international rights without previous study of the opinions expressed by the Institute. For law-makers, diplomatists, administrators and leaders of armies, the pages under the heading "Justicia et Pax" are very valuable. To be elected a member of the Institute of International Rights is the greatest honour for a lawyer.

Until the present time (1896) the Institute has abstained from crowning the edifice of its labours with any scheme of permanent international justice, as some of the very ardent friends of peace expected. Nevertheless, it has been faithful to its original object. These quiet meetings of men renowned for learning and talents strengthen the idea of right. War will disappear because of influences of another kind. But here, at any rate, no false paths have been pointed out or illusions upheld. Holzendorf, in 1876,—two years after the publication of the Institute's code,—expressed himself very categorically. "Two important obstacles exist, preventing the universal application of arbitration. On the one hand, the principles of international rights are yet too undefined; it is difficult to interpret and establish them. On the other, the opinion of nations, in questions concerning the demands of foreign sovereignties, are yet too much influenced by the one-sidedness of interests and sympathies. Since in this age, when the interaction of political and economical interests between nations is so constant and important, it is impossible to expect indifference upon the part of the great powers in respect to any question of general politics, how are we to expect that any country shall be capable, when engaged as an arbitrator, of delivering judgment unaffected by feelings of either friendship or animosity?"

During the first half of 1882 the first edition of Professor F. Martens' book, *The Contemporary International Justice of Civilised Nations*, made its appearance.

In this volume the great erudition of the author is accompanied by a remarkable talent for lucid exposition.

Concerning international arbitration, Mr. Martens, having concisely expounded the contemporary state of affairs, puts the question, "What is the future of national arbitration?" and gives the following answer: "We can view this method of settling international dissensions in two lights, either that of favourable wishes, or that of the existing order of international relations. No one will deny that it would be well if disputes between sovereignties were settled not by war or active means, but by arbitration. But it is another question of how far it is possible, in view of the contemporary relations existing between sovereignties, to consider this method practical, or even possible, for the settlement of all international disputes. For the future existence of arbitration it is necessary to avoid all illusions in regard to this question. Experience proves that many disputes and causes of international collisions exist which it is impossible to decide with the aid of juridical analysis. Many others have accumulated during the historical lives of nations, and can be decided only by force or by the violation of the existing order and rights. It is difficult to suppose that the disputants should agree to leave the decision of a historical disagreement to any tribunal of arbitration, or that the latter should be able to find any legal grounds for deciding the dispute.

In all international disputes in which the political element is of the first importance, arbitration is impossible. It is applicable only to such dissensions between governments as are connected with matters rendering necessary the opinions of experts in international law.

Out of respect to international arbitration its competency ought not to be increased, and problems which cannot be

solved from the standpoint of equity ought not to be proposed.

Professor Lorrimer, of Edinburgh, a member and founder of the Institute, the author of two schemes of international federation, which we will discuss later, expressed a very unflattering opinion concerning arbitration in *The Ultimate Problem of International Jurisprudence.*

He compares the judgment of arbitration courts with the peace-making sermon. As long as the decisions of international courts of arbitration are not supported by actual force, as are local courts of arbitration, they will have only a shadowy importance. It is not worth while to submit the disputes of lesser importance between powers to the courts; diplomacy will settle them with more ease and less expense.

Concerning the *Alabama* dispute, as we have already stated, Lorrimer joins Hefken in denying that the Geneva decision could have averted war. The question ended peacefully owing to the Washington treaty, and still more owing to the decisive inclination of public opinion in Great Britain toward the peaceful settlement of the dispute.

The above-mentioned opinions of professors in regard to arbitration serve the truth sufficiently well, and are, not at all to our regret, in marked contrast to the agitations which peace societies and their printed organs and periodical congresses of peace are so glad to stir up from time to time. It would be well if conclusive arguments and facts were always kept before such meetings, for then the movement would lose its ragged and disheartening character. It is even possible that the efforts of these ardent agitators would be directed into another channel, and their energy spent in a useful struggle.

CHAPTER VIII

Public Opinion, National and Universal. The Influence of International Law.

THE perpetual defect of international arbitration, according to the bitter confession of its supporters, is the absence of actual force to uphold its decisions.

In all national courts the actual force of the sovereignty ensures the fulfilment of decisions. The supporters of international courts forget that these courts cannot be based even upon moral force, on popularity, or on public opinion. It is sufficient to compare international with national arbitral examination to understand that, irrespective of the police, bayonets, and guns, the decision of national arbitrage has a moral prestige, of which international courts are totally deprived. The influence which public opinion possesses at our time in civilised countries cannot be exaggerated. With various political forms popularity remains a necessary element, without which all efforts are lost. The support of the masses, or their condemnation, means the success or failure of all public men. Even private life often suffers from the final and often unjust verdicts of the majority. Much less can public acts and government actions be hidden. For them the influence of public opinion is often more terrible than political difficulties or the display of violence.

Two citizens, applying to arbitration, bind themselves by the laws of all civilised lands to submit to the decision without murmur. The evasion of fulfilling the decision is made difficult not only by the sanction of law, but by the dominating conviction that the refusal to obey the decision

of arbitrage is a dishonourable action, which reflects discredit upon the person practising the evasion.

Such a view is materially altered when foreign subjects take part in the dispute. When claims are presented to the national government by foreigners, it is presumed that only unquestionable claims of this kind should be satisfied. If there were no fear of undermining the government's credit, the swindling of foreign creditors would become a measure of envied popularity.

But every hope of justice and of harmony between justice and national inclination disappears when, instead of unquestionable and pecuniary claims of individuals, disputed and political claims of foreign governments have to be met. The public opinions of the neighbouring countries come into violent collision. Trendelenburg says, in *Lücken in Völkerrecht*, that all with which any national feature is blended becomes so individual, that every nation denies to the other the capacity of understanding the matter." It is impossible to hope for the simultaneous support of the public opinion of two disagreeing nations. Popularity on one side of the border infallibly coincides with animosity on the other. It is difficult to rely on the opinion of neutral nations; either interests connect them with one of the opponents, or they are indifferent.

The increase of the influence of national public opinion, with the growing self-consciousness of nations and collision of interests, naturally leads to political dissensions.

The old proverb, "Homo homini lupus," is possibly unjust; at the present time we ought to say, "Populus populo lupus."

The only display of universal political compromise, universal public opinion, is expressed in the optional code, which is named international law. It is easy to prove that all these universal statutes cannot give moral attractiveness to the verdicts delivered in regard to conflicting national interests. The strictest observance of international justice easily accustoms itself to continuous wars. The greatest of

internationalist jurists, Blunchly, expounded the international law of civilised nations in the form of a code. If all governments without exception were to sign this code, not a single war would be avoided, the time of perpetual peace would not become nearer, and the level of hidden antagonism of civilised nations would not be lowered even one degree.

The famous German lawyer, Jering, with his followers, denies the existence of international law. According to his views, power presents such a necessary element of right, that with its absence right itself is inadmissible; international relations in which compulsion is extinct will be moral relations, not juridical. Mr. Martens[1] says that this opinion has many supporters.

Jering's disciple, Jelinsk, a professor of Heidelberg, on the contrary, proves that international law is as firmly founded as all positive laws. The sources of both are the same—self-obligation, self-limitation of legal individuality, —as when independent sovereignty appears. When issuing rules which bind subjects, the government at the same time puts itself under an obligation which limits its will, both as concerns its own citizens and foreign governments. Treaties with neighbouring countries and the unwritten rules of international law are protected by the same moral guarantee as is the State law. Neither one nor the other form of self-obligation can be considered absolute. Internal and external relations change. When proved to be in opposition to the higher aims of the State, one or other limitation of internal law or external relations is repealed or changed, and other obligations are made. The analogy between the self-obligation of an individual, and the self-obligation of the State, between morals and justice, should be supplemented by the sense of the right of extreme necessity, which belongs equally to individuality and the State; to the latter, equally in the sphere of State law and the sphere of international law. Amongst the representatives of Russian science, Mr. Martens, who

[1] *Contemporary International Law*, Vol. I., p. 8.

does not believe in international law, and who, as we have seen, has no illusions regarding arbitration, disputes with the school of Jering. Count L. Komarovsky, the supporter of the increase of arbitral practice and the author of a special scheme of international law, declares that no matter how tempting Jelinsk's theory be for a lawyer, he cannot agree with it. All these polemics have so-called academical importance. Suppose Jelinsk to be right in his happy doctrine of the ideal dominion of legal order in and outside the State, this will not better the contemporary condition of affairs. In the code of international law the chief part is represented by the "right of war," meaning the right of armed attack, the right of violence, the right of robbery, and the right of wholesale murder. The rules of times of peace are based on the supposition that the interests of States are contrary. Conquests, the results of violence, international law sets on the same level as the rights of legal acquisition of State property. International law undoubtedly softens the calamities of war. But in a preceding passage I pointed out the actual cause of the abolition of privateering and the institution of those customs, following which the victor strives to inspire fear and avoids driving to exasperation and despair. Neither is greater moral merit contained in the gentleness of those international relations which forbid the display of rude manners towards ambassadors and tourists, and which regulate the despatches of diplomatists.

Military instructions and Orders of the Day have advanced a step. The fierce conqueror of earlier times has the same relation to the contemporary leader as a brutal inquisitor of long ago has to the educated Lord Boreley, who, giving his underlings an order to torture the guilty, commanded the observation of "all mercy possible in such cases." Let international justice soften customs and limit passions; let it appear as the expression of universal public opinion; none the less, its moral force will not uphold peaceful efforts, and will give no prestige to any

international institution of justice. The cry of the peace-maker will be a voice calling in the wilderness, until feelings of animosity in nations disappear or decrease.

How little support to general peace is given by international law is plainly visible in its special departments in connection with the free-will of jurisdiction and the code of obligations for warring States in respect to the sick and wounded.

The decree of the Paris declaration concerning the abolition of privateering met with a curious fate. The United States sent information to the effect that they could not join the declaration unless private property should be respected on sea by those at war. They thought that the hunting for prizes ought to be equally prohibited for privateers and cruisers. This proposal of the United States, known as "Mersey's rectification," met with sharp protests from England, and failed. The United States, not having signed the aphorism, "La course est et demeure abolie," had the full right of issuing privateer licenses. Nevertheless, during the Civil War these were not issued, although the opposing side, building vessels, during their exploits forgot the duty of transferring captured ships to prize-courts. The cruisers of the Southerners differed from pirates in possessing a piece of paper with the seal and signature of a rebel government affixed. The abstention of the States from the issue of privateer licenses cannot be explained as a sign of their humanitarian principles. The fear of being led into dispute with European naval powers settled the question. Direct interest obliged the States to join the Paris Declaration, waiving even the usual right of repression.

In 1880 the Paris Declaration was violated in the most insolent manner. Having declared war against Chili, the Republic of Peru, which had signed the declaration, commenced issuing privateering licenses. The licenses were issued at Lima, the capital of the Republic, where a chair of international law had been established at the Uni-

versity. For the government of Peru it seemed very pleasant to sign the Declaration and to appear on paper as a country more civilised than the backward United States of North America. The execution of the duty involved was quite another affair. Moral debts were of as little trouble to the Peruvian government as pecuniary obligations. The signature of Peru's representative on the eloquent Declaration, which helped to mitigate the horrors of naval war, had the same value as the signature of the President on the national funds.

European public opinion took no notice of the perfidy of Peru. The forces of Chili proved the stronger, and totally crushed the Peruvian army and fleet. The great distance of the Pacific Ocean from Europe evidently led to the appearance of privateers being explained as an "exclusive" case. Moreover, at this time there appeared in military circles and in the press an agitation against the abolition of privateering,—an agitation which, according to the statement of Mr. Martens, was expressed most strongly in England and Russia.[1]

A prize-court regulated the actions of privateers and naval cruisers in the hunt after merchant-vessels of the enemy. If the vessel were not sunk, but brought to a port, an examination was commenced, which was described as international. Prize judges had to determine the following questions:—"Did the merchandise and vessel belong to the enemy? Is the capture legal? Has not the commerce of neutral States been violated? Have the customs of naval war and naval justice been observed?" The international character of prize-courts, owing to which they are viewed by many as the first appearance of international justice,[2] has not been acquired at a cheap price. Mr. Martens says: "The right of naval seizure has no juridical ground. At the base of prize-justice there lies a very unjust idea, that the defendant-owners are obliged

[1] *Contemporary International Law*, Vol. I., p. 519.
[2] *On International Justice*, p. 150.

to prove the illegality of the capture. Experience proves that one misunderstanding is sufficient for the prize to be decreed to the captor."

The Institute of International law made efforts to introduce some form of justice into these actions. In 1882 the Institute put forward a rule for prize-vessels (according to Bulmering's scheme), and at a meeting held at Heidelberg in 1887 proposed that the first instance of the prize-court should remain national, but that the second instance should be an international tribunal.

Mr. Martens very reasonably remarks that such a proposal has no serious importance, for it is difficult to imagine that States at war would ever consent to acknowledge the commanders of vessels of war subject to a neutral court.

The part of lawyers in prize-courts is more than unsatisfactory. There we require not representatives of ideas of justice, but experts of international relations. The worst case is when prize-tribunals are composed exclusively of lawyers. The treacherous exterior is rendered more treacherous, and international law becomes *a collection of legal fictions, invented for the justification of the results of violence.* Mixed meetings of naval officers, diplomatists, ship-owners, and a single legal adviser are most suitable for the sensible and unvarnished discussion of the affair in debate. Numerous works on prize-courts, and the detailed and talented exposition of the questions affected, are of special importance for coming ages, when institutions of right will grow stronger in the internal life of nations, and the threat of war shall dominate the external relations. Right and war exist simultaneously, and right does not oppress war, but endows it with legal attributes. The union of right with war to a certain extent diminishes the sufferings caused by the latter, but hardly brings the day of its disappearance nearer. History teaches us that regulations have always been the obstacle in the way of abolition of burdensome relations and oppressive institutions. Slavery in America and servitude in Russia existed up to recent

times, because they had become judicial institutions of lawful States.

During the Spanish-American war of 1898, both sides, neither having signed the Paris Declaration, agreed to prohibit the use of privateers. The true cause of this apparently noble action soon became plain. Privateers would have to be large and fast steamers, otherwise they would catch no prizes. It is impossible for a sailing-ship to catch a merchant-vessel, and it would be necessary to hunt after fishing-vessels, with but small chances of success. A naval prize of any real worth would be an ocean-going steamer of important tonnage, and such a vessel an improvised privateer would overtake with difficulty, all the time running the risk of being struck by the enemy's guns or torpedoes, since many cruisers would be on the alert to engage any and every foe. Thus the slow progress of the shipbuilding yards is a greater obstacle to privateering than any declarations. Privateer licenses may be issued, but very few will be able to make use of them.

These new conditions, which the Spanish-American war made plain, attracted very little attention in England. It is evident that the mercantile fleet of England is in reality free from danger from privateering, even though at some time or other the Paris Declaration may not have been observed.

The safety and care of sick and wounded belligerents depend on public opinion far more than upon prize-law.

In the same town where the *Alabama* dispute was settled, an international convention was signed on August 22, 1864, under which the sick and wounded, without discrimination of nationality, enjoyed the same protection of the warring parties. Positions appointed for the dressing wounds and military hospitals were declared neutral and sacred. A flag bearing a red cross on a white ground, flying in company with the national standard, should defend the sufferers, and those taking care of them, from the fire of the enemy.

Should a position reserved for the dressing of wounds or a military hospital fall into the hands of the enemy, not only the sick and wounded, but all the medical and supplementary staff, also the clergy, should enjoy the right of neutrality, and not be subject to be made prisoners of war. Absolute neutrality was to be extended to the removal of the sick and wounded.

"Local inhabitants aiding the wounded shall enjoy inviolability, and shall remain at liberty."

The military authorities of the nations of war, appealing to the humanity of the inhabitants of the country, should proclaim that the consequences of caring for the needs of the wounded would be the neutralisation of their dwellings. Every wounded soldier, sheltered and cared for in any house, was to serve as a safeguard for it. After recovery from wounds, persons incapable of military service were to be sent home to their native land; all others might be released only upon giving their word of honour not to re-enter the service till the termination of the war. The author of the book *La croix rouge, son passé et son avenir*, Moynier, considers that the Geneva Convention and the Red Cross "have made an irreparable breach in the wall of human egotism. The consequences of this victory are innumerable. Little by little all public relations, so often full of animosity and hatred, will feel the influence of the new blood that has now poured into the veins of civilised mankind."

All European States, one after the other, joined the Geneva Convention. The cordial agreement of Turkey, as shown by her signature and by the establishment in Constantinople of a society for the aid of the wounded, is, according to Moynier's opinion, a great event in the history of civilisation. Not only all subjects of the Sultan, without distinction of religion, but all the Mohammedans of India and the Christians of Europe took part in the committee organised on the shores of the Bosphorus.

How far the hopes of the organiser of the Red Cross

Society are exaggerated is proved by a series of important facts. Of course the Geneva Convention had favourable consequences. The general amount of suffering was visibly decreased. But in no case can the military customs connected with the Geneva Convention be viewed as the forerunners of the decrease of wars. The observation of the principles declared on August 22, 1864, does not in the least lessen the feelings of national dissension, and does not change those relations which make it possible for wholesale murder and ruin to appear every spring.

Mercy to wounded doctors is not a novelty. Mr. Martens points out more than three hundred treaties, made during the last three centuries, all of which refer to the inviolability of the wounded and the care of the same. Inviolability in former times often produced tortures of long duration, instead of speedy death. The wounded remained on the field of battle for several days. It is admitted that, on the score of humanity, the wounded, often at their own request, were bayoneted. The same regard for the wounded of both sides then meant the same indifference. But the cause of this was not intentional cruelty, but the inefficiency of medical and sanitary staffs. The question of military hospitals was developed with grievous tardiness. In 1859, during the war between France and Austria, the Geneva doctor, Dumont, described the helpless state of both armies after a bloody battle. Thanks to his pamphlet, *Souvenir de Solferino*, extensive improvements of military and sanitary organisation, and the development of public aid, were commenced, and the Geneva Convention was concluded.

The first to join the Geneva Convention were France, England, Prussia, the United States, Italy, Belgium, Denmark, Holland, Sweden, Spain, Portugal, Switzerland, and several German States.

The war of 1866 found Austria outside the Convention. Napoleon said that Austria was always late with every idea and every army. On the contrary, Prussia, before the

campaign, declared that the Convention would in any case be observed. The Austrian authorities evidently feared that the Red Cross Society and the Geneva Statute would be obstacles to victory. After the defeat at Sadowa, save as regards the capture of several Prussian doctors, Austria received no benefits from her freedom of action. Immediately after the war the Austrian Government joined the Convention. Russia followed the general example in 1867. On October 20, 1868, also at Geneva, a supplementary treaty was signed, which had for chief objects the explanation of several clauses of the Convention and the application of similar principles to naval warfare. It was proposed that vessels should be appointed, flying the flag of the Red Cross Society at the masthead, for the purposes of rescuing the drowning and tending the sick and wounded. It was agreed, in the thirteenth clause, that sanitary vessels, acting at their own risk during a naval battle and after its termination, were in no case to impede the combatants. This project was signed by the North German Confederation, the States of Southern Germany, France, Austria, England, Italy, Switzerland, Turkey, Belgium, Holland, Denmark, and Sweden. The agreement of 1868 was considered only a project, approved in a general sense, but having no obligatory force.

When the war of 1870 broke out between France and Germany, both combatants declared that they would observe not only the Convention of 1864, but the project of 1868. The difference between words and actions was not late in making its appearance. The German hospitals, sanitary trains, and places reserved for the dressing of wounds were organised with the same success as was the rest of their military machinery. The prisoners were cared for with stern punctuality. But it is possible to doubt whether the Geneva Convention had any influence on the German administration. A series of violations of the Convention was permitted without any restraint. Clause 5, which exempted from taxation inhabitants who

received the wounded, was not observed at all. The words of the Convention: "Every wounded soldier, sheltered and cared for in any dwelling, serves as a safeguard for it," remained a phrase of which no one took any notice whatever. The wounded were not released, though the Germans considered the release of 9,000 totally disabled Frenchmen a great sign of their obedience to the Convention.

The news received from France was no better. Napoleon III., a great lover of all kinds of international agreements, was one of the initiators of the Geneva act. When the French troops commenced the campaign, it turned out that the Ministry for War had not even taken the trouble to acquaint the officers and soldiers with the Convention. Few of them had heard what the Red Cross meant.

The patience of the central Geneva Committee was exhausted. Polite, but decisive, representations were made at Berlin and Paris. The German answer was prompt, and stated that circumstances had compelled their actions. The French Government gave no answer.

After the conclusion of peace, Moynier presented a report concerning the necessity of establishing some kind of guarantee as to the due observance of the Geneva Convention. According to his authoritative statement, moral sanction was insufficient. He proposed establishing a permanent international tribunal, similar to that temporary tribunal, consisting of five members, which was established at the time of the *Alabama* question. There were to be three representatives from neutral sovereignties. The Court was to examine complaints of the violation of the Geneva Statutes, to examine the case and deliver judgment, appoint punishments, and settle the payments of costs.

The Government gave no support to Moynier's scheme. Specialists of international justice, one after another, explained the total inadaptability of the scheme, even in the case of governments wishing to aid the cause. How is the Court to carry out investigations? The violations of the

Convention happen in the face of the enemy; it is impossible to examine either the defendant or the witnesses. After the war is over the establishment of facts is very difficult.

When we arrive at enforcing a punishment, how are we to conciliate the subjection to international justice with the principal laws of individual guarantees? The founder of the Institute of International Justice, Rolain-Jacquemain, points out that the State will have totally to change its constitution before being able to compel its subjects to acknowledge the jurisdiction of a court in which four members of the five are foreigners. According to Westlake's opinion, a tribunal will only make the case worse, because it lessens the responsibility of the commanders-in-chief for the violation of the Convention. From all these criticisms it is manifest that the Geneva Convention should remain, as in 1870 and 1871, under the protection of moral prestige, of public opinion, and of international justice.

But there were worse times in store. France and Germany violated one or other clause of the Geneva Statutes, but some paragraphs of the Convention were observed. The usage of the sick and wounded prisoners presented no trace of barbarity. In 1876, when war broke out between Turkey and Servia allied with Montenegro, and afterwards with Russia, all saw the true value of the signatures of the Turkish representatives on the international agreements. Having in 1865 signed the Geneva Convention without any protests, the Turkish government, only eleven years later, found out, as Mr. Martens writes, that the observance of the Red Cross was an impossibility for Mohammedan troops. When Roumania, who was neutral, offered Turkey her services in aiding the wounded, Turkey was not ashamed to send a refusal, openly acknowledging that she had taken no steps to inspire her troops with respect for the Red Cross. In reality, beyond the fashionable Turkish diplomatists, not a single Turk had the faintest idea of the new rules of humanity. Unto the end of 1877,—that is, up to the time

when the Russians crossed the Balkans,—there existed no translation of the Geneva Convention into the Turkish language. Later, owing to Turkey's solicitation, a sanitary flag, bearing a red crescent instead of the Red Cross, was established for the Turks. But neither the cross nor the crescent brought any good results. The troops committed savage atrocities upon the wounded Russians. Quite an ordinary custom on the part of the Bashi Bazouks was the lighting of fires on the chests of these unfortunates.

Public opinion in Europe was disgusted. Following the lead of Germany, the great powers, through their representatives, "called the attention" of the Porte to the behaviour of her troops. The savagery and hypocrisy of the Turkish administrators had the worst consequences for the fate of the Turkish sick and wounded. The Society of the Red Crescent had small funds, and the neutral States naturally directed their aid to the Russian army, which respected the Geneva Convention.

The Turkish ambulances represented the extreme degree of human sufferings. Verestchagin's paintings depict the horrors of the hospitals at Plevna. Death was the fate coveted by all those who lay under the protection of the white flag with the red crescent.

The comparative humanity with which war is carried on between civilised nations in these times is visible not in the Geneva Convention, which is constantly violated, but in another agreement, signed in St. Petersburg on November 29, 1868, which up to the present time has escaped violation.

Considering that the success of civilisation should have as one of its consequences the wish to soften as much as possible the misfortunes of war; that the only aim which nations should desire to reach by war is the weakening of the military forces of the enemy; that for the attainment of this second object it is sufficient to deprive the greatest possible number of soldiers of the ability to take part

in battle; that the use of arms which needlessly increase the sufferings of men passes the limits placed as the aim of war, and, in consequence of this, are opposed to the laws of humanity, the agreeing parties bound themselves, in case of war breaking out between them, not to allow their forces, whether naval or military, to use any kind of projectiles, under a weight of 400 grammes, charged with burning or explosive substances.

Large projectiles, be they of the ordinary or explosive type, are nearly always death-dealing. A grenade or bomb kills at once, without bursting. Explosive bullets are different: instead of causing a slight wound that removes a man from the ranks, and is easily healed, they invariably cripple, and very often instantaneously deprive soldiers of life. Having agreed to discontinue the use of explosive bullets, civilised States at the same time officially explained the meaning of the "comparative humanity" by which the contemporary war of civilised nations is distinguished from the wars of former times and from the attacks of savages. The aim of regular armies should be to weaken the enemy by depriving the greatest possible number of soldiers of the ability to take part in the military movements. Neither useless sufferings nor useless deaths should be caused. Examining this phrase, we find that wholesale death and sufferings are legal when they are useful, or when the success of civilisation, humanity, and the right of war permit such.

It is unprofitable, as proved by the experience of many ages, to refuse mercy to peaceful citizens; to violate and carry away women; to pillage towns and villages; to murder surrendering enemies, or those who have thrown down their arms; to butcher the prisoners. Victory becomes more difficult. The resistance of the enemy increases. The inhabitants hide supplies and burn the houses. Moreover, wholesale murder and pillage are dangerous. Neutral nations will foresee their own lot in the barbarous devastation, and will prefer to rise against the general enemy.

The observation of rights of war is based chiefly on the personal interests of the combatants. It is difficult to explain the milder military laws by any moral influences. The advance of civilisation and the softening of morals had a secondary influence. The right of war allows of the enemy being deprived of the most precious and unreturnable blessing—life; permits the destruction of his health; his capture; the seizure of landed property; and allows the right of property to be utterly ignored at sea. Since such actions, based almost exclusively on cold greed, are allowable, the degree of humanity which a State expends upon the foe in the time of war assumes a peculiar character. Moral views undergo a change. This change is expressed in the diminished force of passions and the keener pursuit of interests. In the internal life of a country prolonged social evolution and the effect of humanitarian ideas have resulted in the establishment of the contemporary order of civilised States, with personal guarantees and the powerful interest of public opinion. The periodical wars with external States have proved the decrease of passion and the increase of interests. The fundamental idea of the St. Petersburg Convention is unassailably true. Civilised man finds no pleasure in causing useless suffering, but in the cause of interests, real or supposed, he agrees to any number of deaths, and to the suffering and ruin of foreigners.

We decorate our houses with flags when we learn that the last battle, which caused among our troops a loss of two or three thousand killed and ten or twelve thousand wounded, inflicted upon the enemy a loss of forty thousand in killed and wounded. Our pleasure increases when later particulars prove this number to have been below the mark, and we learn that the hostile army has been driven into a district where hunger and sickness will complete its ruin and enable us to make a profitable peace. We like to hear of the degradation of a nation not long since full of dignity, and to reckon upon gains in the form of a huge indemnity, or new territory, or political ascendency.

Searching for an analogy to illustrate the humanity with which a civilised nation wages war, we involuntarily find a sad comparison. Since we kill when it is serviceable so to do, give mercy when we no longer wish to be cruel, hesitate to cause sufferings, with the exception of those which it is profitable to produce, we plainly liken our foes to animals. Law and public opinion equally condemn the useless massacre of animals and the causing of needless suffering.

The humanity in vogue at the end of the nineteenth century gives to the troops of all countries a similar right. In this one matter the public opinions of all civilised nations agree, and condemn the violator of "comparative humanity."

But the punishment is feeble and irresolute. Every war is connected with one or more overmastering facts. Here, peaceful inhabitants are pillaged; there, the occupant has inserted supplementary clauses in the code of Professor Blunchly, and forces civil authorities to be answerable for the safety of roads and telegraphs from attacks of the enemy's partisans. Capitulation is interpreted voluntarily. Prisoners, released on the word of honour, appear in the ranks of the troops. Cruisers often forget the existence of prize-courts. The enemy's wounded bitterly feel that the Geneva Convention often remains a dead letter. When peace is concluded, all similar violations of rights are granted a general amnesty, and are officially buried in oblivion. Public opinion in regard to these violations are diametrically opposite in each combating State. Neutral nations, the public opinion of which should form the moral sanction on which so many hopes are founded, and the supporters of international justice, express themselves either for or against the violating power according to whether it conquered or is conquered. In the first case, we hear compassion and praise; in the second, severity and scathing comment.

Victors are not judged. This proverb has more meaning than is generally thought. The military customs of the conqueror are the source of the right of war.

CHAPTER IX

Permanent International Tribunal. Radical Illusion. When did International Justice make its Appearance?

THE impotency of arbitration in averting war was acknowledged by even such writers as were the fiery supporters of international justice. They proposed another plan. A casual court, a series of single compromises, may have poor results; would not a permanent international organisation prove better? Social relations are radically changed at the end of the century. Is it not timely, under the fresh conditions, to renew the efforts which formerly were so unsuccessful as to meet only with contempt? It is possible that in the new times, when advanced nations have got rid of many deleterious influences, the perpetual question of perpetual peace is destined to be solved by a permanent organ of justice established on the grounds of sovereignty and international right, instituted by mutual agreement and gradually becoming stronger. Will not war disappear, if in place of casual arbitration such an institution as a permanent high tribunal be invented, which will put an end to enmity between civilised nations? Three works dedicated to the question of international justice are remarkable for their originality of ideas, erudition, and able statement. Their authors are Professor Lorrimer, of Edinburgh, the international jurist, Blunchly, and Count Komarovsky, a professor at the University of Moscow. All three are noted members of the Institute of International Justice, and have made valuable additions to the abundant literature of this question.

We have already said that Lorrimer does not value

arbitration highly; he mentions the *Alabama* decision, and the hopes connected with it, in an almost contemptuous manner. He compares the impotency of the arbitration courts with his system of international representation and the proportional decrease of armed forces.[1]

He thinks that no State separately, nor all together, will ever agree to commence disarmament. A general treaty, made with a view to decreasing every army to the number necessary for the support of internal order, is an illusion. There will be too many temptations for any powerful government, after the realisation of the treaty, to violate the obligation and destroy the whole federation. Should the disbanding of military forces be connected with the introduction of an international government, and should the international government be supplied with armies and fleets against which separate States would not be able to struggle, because of their inconsiderable forces of defence and attack, such an organisation will be a constant threat to the liberty and independence of nations. The probable results seem so ominous that the continuance of the present armed peace, with periodical outbreaks of war, seems by comparison a happier lot.

Proportional disarming, simultaneous by force of a mutual agreement, is quite a different affair. Lorrimer thinks that there are no serious obstacles to prevent all governments from making the long-desired effort, in the hope of deciding upon a relative decrease of their military forces. Quoting either Sir Robert Peel or Palmerston, Lorrimer points out that a general increase of arming does not always change the relative powers of nations. Lorrimer persists in the opinion that should two neighbouring governments each add a hundred battalions and ten ironclads to their forces, the difference in the power of one or the other will be changed very little; simultaneous efforts and expenses uselessly squander a vast sum of money. Should the general principle for the proportional reduction

[1] *The Ultimate Problem of International Justice.*

of armies and fleets be accepted, the oppression of the budgets would be lessened, the state of affairs would become less strained, and the contemporary relations of the forces of the great powers and secondary governments would be nearly retained.

Such a proportional disarming Lorrimer considers possible, but only in conjunction with an international organisation, for which, soon after the war of 1870–1871, he drew up a scheme. Six years later he produced another detailed plan, expressing all his opinions about the final aim of international justice, the study of which should terminate each course of this political science.

According to Lorrimer's opinion, the organisation of an international union and its organic laws should be based on the same principles as those on which positive law is founded. In place of permanent diplomacy and temporary representatives at congresses, let the international interests of States be defended by a whole group of persons, elected by a meeting of representatives of the nation, or, in countries where parliaments do not exist, appointed by the highest authorities.

All these delegates should form a general European government, meeting on neutral territory; for instance, at Geneva.

With such an organisation the danger of diplomatic intrigues, which so often draw nations into wars against their will, disappears, and a close union will be established between internal management and general European management. It must be remembered that at first Professor Lorrimer's scheme had only Europe in view.

In addition to the Lower House, a Senate was projected, consisting of representatives approved by the various governments.

The House and Senate were to elect for a year an executive ministry, which was to be composed of five senators and ten delegates. This ministry would appoint the members of the High Tribunal for their lifetime. Of these there

would be fifteen, six of them to be elected from the highest judicial authorities of Russia, England, France, Germany, Austria-Hungary and Italy—one for each great power. The tribunal was to appoint a Chief Magistrate. International advocacy was gradually to be established, and this for several reasons, one of which was that vacancies occurring in the Tribunal might the more easily be made good.

The International Government organised on this plan was to maintain an army made up of soldiers drafted from all the countries agreeing to band together, the expenses being proportionally divided amongst all. The army was destined for the suppression of such States as should commence war or increase their army beyond the established limits. The President of the International Government (elected for a year, but eligible for re-election) was to be supplied with a suitable guard.

The Court and House organised on this plan would decide, according to Lorrimer's ideas, all disputes and dissensions. Juridical disputes would be settled by the Court. Political disagreements, for which no base could be discovered in principles of law, were to be settled by the House. Among juridical claims, Lorrimer includes claims of compensation, alteration of boundaries, and so on; among political, questions of pacification, and matters in connection with colonial interests. Finally, leaving the suppression of riots to the care and forces of each State separately, the International Government should, as Lorrimer thinks, come forward as supreme arbiter in the case of a riot becoming a civil war.

Blunchly proposed a less intricate organisation. He considered Lorrimer's scheme to be Utopian, and of no more practical value than the Abbot St. Pierre's project. According to Blunchly's opinion, there can be no possibility of connecting international organisation with international troops. A general European constitution, as proposed by the Edinburgh professor, would lead to the smaller States

losing their independence. Such an organisation Blunchly described as neither possible nor desirable.

He objected to an allied government, but proposed a union of governments. Entering into such union, the smaller States would retain their entire independence. The union should create general organs of international management, so that the established laws should defend peace, solve disputes, and pacify political difficulties. Eighteen States in Europe were to elect a Council for the Federation, in which six great powers were each to have two representatives, the others one. Montenegro, Monaco, San Marino and Andorra were not to be represented. The Council, consisting of twenty-four members, would represent an organ of the Government. Nations and national communities would elect members to another assembly, which Blunchly called the Senate. The great powers were to elect eight or ten senators, the other States four or five. The Senate was to consist of from one hundred to one hundred and twenty members. A greater number would have been undesirable.

Unimportant disputes Blunchly was willing to leave to arbitration. The more important interests were to be managed by a permanent international tribunal. Finally, questions and conflicts belonging to high politics might be settled by the Council and Senate, who would have a law-giving power. Refusing to appoint a special military force for the execution of the decisions of the international councils, Blunchly proposes an executive assembly in the form of a college of great powers, sanctioning execution against such disobedient members as might refuse to submit to the decrees of the Council and Senate. Compulsion —in other words, the attack of one State against the condemned and stubborn State—would rarely take place. It was hardly possible, though, that any government would resort to such an extreme measure, since the powers united against the rebel would be so overwhelmingly strong.

Count Komarovsky proposed to establish an international court for Europe and America, and to give each independent State an equal number of votes in the tribunal. Only the minor States, Monaco, San Marino, and Andorra, were refused a representative; and five small republics were joined together for collective election under the name of Central America. These were Guatemala, Honduras, San Salvador, Nicaragua and Costa Rica. Turkey was excluded from the European union, and Montenegro, in direct opposition to Blunchly's opinion, was allowed a place in the union.

Thus eighteen European and twelve American States were each to send an equal number of judges to the meeting—not less than two each. Consequently the union would consist of the following European countries: England, France, Italy, Germany, Russia, Spain, Belgium, Switzerland, Holland, Sweden, Denmark, Portugal, Greece, Roumania, Servia, Montenegro, and Bulgaria. America contributed the United States, Mexico, Central America, Brazil, Venezuela, Columbia, Ecuador, Peru, Chili, Argentina, Uruguay, and Paraguay. Later, separate courts were to be instituted for the following parts of the world: Asia, Africa, and Australia. Such a council, according to Count Komarovsky's ideas, meant an institution to which States might apply by mutual agreement for the settlement of dissension, though, having applied to it, they would not be bound to submit to its decisions.

In the place of an indefinite Court of Arbitration, inspiring, as Count Komarovsky acknowledges would be the case, little trust, a permanent Court was to make its appearance, managed by juridical principles, and producing all desirable guarantees regarding its members. The course of social evolution would determine the range of this Court's jurisdiction, which would gradually embrace a greater number of affairs.

Count Komarovsky proposed that the Court should be divided into four departments: (*a*) diplomatic, (*b*) military

and peace affairs; (*c*) individual international justice; (*d*) social international justice.

Every case was to be examined in its proper department. The general meeting should represent a court of appeal. Should arbitration exist, the permanent Court would gradually assume the rights of a tribunal to which the arbitration committee might appeal, if in need of assistance.

After expressing a hope that the practice of this International Court, if established at his initiative, would lead to the institution of international laws, Count Komarovsky, in regard to the difficult question concerning the execution of decrees in case of refusal to obedience, stated that he was prepared to put armed force at the disposal of the Court, just as Professor Lorrimer was, or to entrust the great powers with the compulsion, according to Blunchly's scheme; but at the same time he pointed out several methods which did not require the sanction of the sword: (1) The exclusion of the representatives of the disobedient State during the entire period of opposition. (2) The general suspension of diplomatic intercourse. (3) The cancelling, on unanimous agreement, of the treaties of special interest to the recalcitrant nation. (4) The forbidding of subjects of this nationality to visit the territories of the other States. (5) The closing of markets dealing in its merchandise. (6) A blockade of its shores. (7) As a last resort, war itself.

In conclusion, Count Komarovsky stated that international organisations might arise from international justice.

Such are the three latest schemes of international organisation. It is not possible to say that they met with a cordial reception. The authors could not, and evidently did not, expect that ephemeral popularity which falls to the lot of arbitration whenever a new scheme of perpetual peace is mooted. But the representatives of political science, full of respect though they were to the authors of these fresh proposals, did not support their ideas. The

Institute of International Justice, up to the present time, is not only not inclined to crown its labours by a scheme of universal peace (in respect to which rather surprising fact Count Komarovsky lately expressed his regret), but has, so far, abstained from discussing such projects. The feeling underlying such stubborn neglect is similar to the regard which the Academy of Science pays to the square of a circle or to perpetual motion. In a detailed course of International Justice, Mr. Martens gave the following report concerning the projects of Lorrimer and Blunchly: "Against all these schemes it is possible to advance the objection that they give international intercourse a government organisation, and for this reason can hardly ever be practically realised."

Mr. Martens is not of a better opinion concerning the project of Count Komarovsky; he doubts whether an International Court should ever be instituted as the outcome of this scheme, which he thinks is too intricate and too difficult of application.

The President of the Institute of International Justice attacked Professor Lorrimer's project. Never, in his opinion, will European States, so different from each other by their history and their constitutions, agree to submit to a government such as Lorrimer suggested. His whole project should be considered a fantastic invention, bearing no traces of vitality.

The published reports of the Institute err in being too pedantic. Time is wasted in lingering over the ideas of the Abbot St. Pierre, or the project of Henry the Fourth, or books belonging to the early years of the century. I protest that at our time, after the events which have transformed human life towards the end of the third quarter of the century, from 1860 to 1870, the great problem ought to be looked at in quite a new light. Universal events, which have worked such vast changes, require the friends of peace to alter their point of view.

It is impossible to deny to Lorrimer ingenuity and

originality. The proportional disarming suggested by him seems to satisfy both the party of war and the party of peace. It promises the stern supporters of the sword the sanction of force. The relation of the military power of one State to the power of all others will remain, it seems, the same as formerly, if the army and fleet are decreased everywhere simultaneously in the right mathematical ratio.

Even though she were to retain but a fifth of her present power, Germany, in case of necessity, might make war on two fronts with the same chances of success as before, because Russia and France would also have decreased their armies in the same proportion. The universal decrease of the number of soldiers and the extensive reduction of the expenses of maintaining armies would bring to all citizens relief from taxes and individual burdens.

A more attentive examination of this plan for proportional disarmament will show that certain indefeasible qualities of military affairs give no possibility of hoping that the arithmetical reduction of the forces would coincide with the actual reduction.

The relief will be only temporary; then will come a grievous war, which, as formerly, will engulf the greater part of the national fortune.

An army, several times reduced, and well organised, may acquire in quality what it loses in quantity. What with the change of terms of service, strict regulations, and a selected complement of officers and sergeants, a very dangerous army, notwithstanding its small numbers, will be produced. According to the reduction of the numbers, the influence of discipline, organisation, and capable management will increase, and that subtle superiority which makes a battalion of one nation stronger than a battalion of another will cause itself to be felt.

Since they increase their armies till each one contains several millions of men, the military powers of Europe may, without erring to any considerable extent, reckon

their forces by the number of army corps. It has always been different, and will always be different, with small armies.

Napoleon, after the defeat at Jena, compelled Prussia to reduce her army to forty thousand men. Without violating this obligation, Prussia managed to reduce the term of service, and, by creating the Landwehr, instructed the entire peaceful population, with the result that immediately after the declaration of war she unexpectedly sent immense numbers of troops to the front. In the future, should war not be discontinued, some European army, according to the prophecy which I have already mentioned—the prophecy of such an authority as Goltz—may repeat the deeds of Alexander the Great, and with a handful of proved men may conquer armies of millions, which by their qualities may become an uncertain militia.

The perpetual qualities of every gathering of armed men, taught and organised, will not allow of the proportional reduction of armed forces that have been collected by nations for defence and attack.

The financial benefit will also prove to be capricious. When the hour of war strikes, each State, believing in the wisdom of the saying, "Salus patriæ suprema lex," will be ready to spend all its accumulations, and exhaust all its credit.

Savings in military expenses during the times of peace will be represented by several hundred millions of pounds. The vast sums that will be swallowed up by war compel governments to forget economy. Not only this, but if the reduction of armies and fleets is carried out without due thought being given to possible complications in the future, the results will be the fact of being unprepared for war and the necessity of rapidly improvising, in the burdensome moments of war, a huge force, and preparing ammunition and supplies in feverish haste. The extreme hurry will involve extra, even double, expense, and all without exception will curse the short-sighted policy,

the results of which will be, at a critical moment, ruinous.

As a step towards perpetual peace, radical disarmament is useless. It should appear not as the cause of cessation of wars, but as the consequence of their discontinuation; not as the stimulant of peace, but as its symptom.

When armaments cease to grow in volume, and armies commence to disband without any agreements, under the influence of trust in the peaceful inclinations of neighbours, then, and only then, the reduction of armies and the reduction of military budgets will witness the commencement of a new and happy era. The plans of the Scotch Professor, worked out with such industry and talent, will never lead to any such end. When it is necessary to express opinions about the plan of international government, under which Blunchly has signed his name, it is impossible to forget those talents and energy which gave his name an undisputable authority. Abundant abilities will be discovered among the successors of Hugo Gracius. But the author of the code of international rights is most prominent, because of his fearless defence of humanity and justice.

Wide knowledge and searching analysis were in his hands the weapons for defending the rights of human individuality. In every page of his works love for his fellow-creatures is apparent, as well as sorrow for the sufferings and privations that are inseparable from the contemporary relations existing between different countries. No one knew better than Blunchly how to hold up to contempt those who should violate rights. No one expressed views with such authority, such firmness, such humane principles. He remained true to himself during all his pure life. In his native land, at Zurich, at Munich, at Heidelberg, he spent his time in clean and noble endeavour.

In the evening of his life he discussed the question of international organisation.

In 1878, three years before his death, in a separate

article, entitled "Gegenwart," and in the last edition of his code, the septuagenarian jurist presented his system of international justice, as the sum total of his activity. The merit of his plan consisted in his clear understanding of the undoubted fact that international organisation should be based in all cases on the independence of States and the liberty of nations, it being impossible to impart compulsory functions into a special power that had been organised as a tribunal independent of national armies.

Neither his project of European Federation, nor his code, was accepted by a single State. Since his death sufficient time has elapsed to cause it to be acknowledged that the failure of the best project of international organisation was due to the same cause which made it a matter of indifference whether the code "Das moderne Völkerrecht" of the same author should be accepted or declined by all.

Owing to the many complications existing between the various governments, it is impossible to expect agreements such as would be necessary for the organisation of the institutions proposed by Blunchly. Still, were a breath of fresh air to pass through the political atmosphere of Europe, the fancies might easily be realised.

If a sufficiency of binding feeling arise between cultured nations, the acceptance of the codified international rights will serve as an indication of the commencement of firm peace, and then international organisation in one or other shape will become possible. Blunchly's "Staatenbund," a union made between nations of equal rights, without any warlike motives, without fear and without threats, is possible only among such conditions as those which the great internationalist did not live to see, and of which he dared not dream. The more the talents and learning of Blunchly are revealed in their true values, the more posterity will acknowledge his services, the firmer should become the conviction that the development of political science and international justice are incapable, unless assisted, of giving nations peace. We remain deaf to the

statement that such labour, at the end of the nineteenth century, after the changes of 1860–1870, has become of only academic importance. Rather, it is a valuable lesson, though one at present barren of fine results.

The disciple of Blunchly, Count Komarovsky, was in nearly full agreement with his teacher. Count Komarovsky's *On International Courts* has a peculiar interest for an attentive reader. The author was firmly convinced that war presents an unconquerable fortress of evil. He remembered how sadly unsuccessful were the efforts made by his predecessors. He did not hide from himself the frigid "non possumus," against which every supporter of international organisation had to struggle. Nevertheless, the greatness of the ideal compelled him to spend every atom of his energy in the conflict. No matter how strong the fortress appeared, he strove to find a weak place. Count Komarovsky seemed to say to his powerful antagonists: "You deny the possibility of international justice, but certain appearances may be recognised as the sprouts of such justice. Is it not possible to let them develop? Is it not possible to join the idea of justice, naturally and undoubtedly penetrating all relations of civilised nations, with certain pacifying and connecting influences; to join it with facts which prove that under certain circumstances States cede their sovereignty and agree to international institutions?" Count Komarovsky had a better opinion of arbitration than had Professor Lorrimer. If the Court in which the *Alabama* question was discussed did not avert war, said Count Komarovsky, its failure might have created a frame of mind dangerous for peace. Count Komarovsky found the commencement of international settlement in the prize-courts and in arbitration. He stated that one or the other court, however we may view the direct results of its activity, settled disputes between sovereign nations, and has quite a judicial character. Count Komarovsky discussed in detail the mixed committees appointed for boundary disputes, the permanent

committees for the control of international river communications, and especially the mixed courts of Egypt. These courts, instituted after dispute and dissent lasting for seven years, on February 15, 1876, present a real legal establishment instituted for a term of several years and formed of plenipotentiaries from European States and Egypt, acting under an international guard.

At the end of the book a project for an international court is described, a project of which Professor Martens gave a very unfavourable report. Mr. Martens was doubtful of its realisation, even in the distant future, and considered the scheme too intricate.

It behoves us to admit that there are in Count Komarovsky's scheme certain peculiarities which materially reduce that small degree of possibility of realisation presented by other plans. The triumph of right should, according to his opinion, be strengthened by a legal institution, based on the equal right of every State, whether strong or weak, to take part in the settling of disputes and collisions. Using this doctrine as a base, the author included nearly all the States of Europe and America in his system. The result was a very peculiar tribunal.

Let us suppose that the Count's plan was accepted. The deputies of the various governments would meet at Brussels. The first serious question to be settled consists of a dispute between the governments of London and Paris. Russia, Austria, Germany, Italy, Belgium, Holland and Switzerland vote in favour of one side; but the decision is in favour of the opposite side, because Spain and Portugal are upheld by the competent opinions of the representatives of Peru, Bolivia, Argentina, Paraguay, Brazil, Venezuela, Columbia, and other minor States.

Would such a tribunal, instituted to suppress war, exist long? Instead of armed attack, it becomes necessary to submit to the arbitrage of exotic jurists.[1] The Republics, Andorra and San Marino, the Principality of Lichtenstein,

[1] These were excluded from the Peace Conference held in 1899.

the Grand Duchy of Luxemburg are excluded from the tribunal.

Justice will evidently be safer in the care of the representatives from these small States than in that of a majority obtained by the coalition of a dozen great powers. Count Komarovsky believed that later tribunals would be instituted in different parts of the world. It would be better if the United States, since she has become so powerful, were admitted to the European Union, and in her place Roumania, Servia, Greece and Portugal were transferred to an "American Assembly," as these States have many traits in common with those of the transatlantic republics.

The difference between one country and another does not consist in varying degrees of internal wealth or external power. There exists a moral prestige, which, for example, puts Belgium and Switzerland on a higher level than Brazil and Argentina; there exists a moral decline, which reduces Greece and Portugal to a lower level than a German Principality.

While affirming the necessity of institutions of justice in place of diplomatic organisations, Count Komarovsky forgot, strangely enough, certain well-known deviations from principles of honour on the part of civilised governments, some of which have failed to keep promises given, and have upon occasions treated right as if it were a quality deserving to be neglected and debased.

It is impossible under the contemporary conditions to erect anything permanent based on international organisation. The courts which it is proposed to establish for the future regulation of affairs in different parts of the globe may be dismissed as a collective absurdity. How many wars and quarrels must take place, how much blood must be shed, before Asia and Africa will become competent to form their own international court? Australia all belongs to one government. It is doubtful whether, even after the passing of many years, so many Australian re-

publics will be formed as to make it possible for a general organisation of their own to be the means of lessening disputes.

The projects of Lorrimer, Blunchly and Count Komarovsky, taken together, undoubtedly prove that the best-devised systems of international organisation either remain valueless and unable to rely upon any of those new currents which in our times have markedly affected human life, or else contradict ethnographical and political conditions.

These men live in an enchanted land, as it were. What ought to produce peace cannot appear otherwise than the consequence of peace. It is sad when learning, talents and fiery enthusiasm create a theory which in our day proves to be worse than the Utopia of former times—a kind of fantasy that might, perhaps, suit the human conditions existing in some other planet.

A confused doubt, both of his own plans of international justice and those of others, may be traced in every chapter of Count L. Komarovsky's volume. Citing the opinions of Laveley concerning the International Court and code, he evidently agreed with the Belgian economist that neither code nor Court would cause the discontinuation of war. But it would be well if the Court succeeded in averting one war out of twenty; and with this meagre result in prospect it would be worth while instituting, in the opinion of Laveley and Count Komarovsky, an International Court. As to the time of the appearance of such a Court, no attempt at guessing was made by either thinker. Count Komarovsky imagined that the Court would appear when it should be necessitated by the juridical conscience of nations.

When at last international justice is established, it will not drive evil from the face of the earth, but will gradually create a proper jurisdiction for those who in reality and honourably wish for peace.

In a later work, *The Review of Contemporary Literature*

Regarding International Rights, Count Komarovsky, while engaged in a bout of polemics with Mr. Martens, again expressed his belief that neither international justice nor other reforms of international rights would destroy war, though they might reduce the region of its application, and, in any case, would give States the possibility of settling their mutual misunderstandings and disputes by means more just and reasonable than are diplomacy and war.

While discussing the chapters of *Handbuch des Völkerrechts* (an interesting volume issued in 1865 by Holzendorf, who did not observe that the codification of international justice influenced the cessation of wars), Count Komarovsky stated that codification is the final aim of international rights. Only codification will give it the clearness and authority of a positive right, and will create a firm ground for international justice. But this is a laborious work, which can be executed only by the efforts of many generations.

On July 8, 1873, Henry Richard, in the House of Commons, proposed a bill for the presentation of an address to Her Majesty, requesting her to instruct the Foreign Minister to enter into negotiations with foreign governments in respect to the establishment of a general permanent International Court of Arbitration, with a view to aiding international justice. Upholding his proposition, Richard delivered a speech in which he attacked the theory "Si vis pacem, para bellum," and stated that continuous armings and periodical blood-shedding wars, settling the quarrels between nations by the means of murder and robbery, appear as the violation of reason, justice, civilisation, Christianity, peace, and love. To suppress war, of which nations have had more than enough, it is necessary to bind into a strict system and codify international law, and establish an international tribunal. Richard concluded his speech by calling upon England to take into her hands the business of strengthening peace on the firm founda-

tions of law and justice. The glory of Christian nations, he went on, did not consist in bloody deeds; but, even admitting this to be the fact, it was well to remember that England's past was rich enough in these to satisfy the taste of the most truculent. The greatest glory of England lay in the forwarding and strengthening of liberty and order in political life. She had broken the fetters of slaves, given liberty to the oppressed, and laboured to spread the blessings of civilisation and Christianity to the extreme limits of the globe.

Gladstone, then Prime Minister, spoke after Richard. The supporters of peace should have his words inscribed in letters of gold. We cannot reproach with love of war the man who agreed with Bright's opinion of the Crimean war and renounced Beaconsfield's "chauvinism" very sharply. But he thought it timely to represent to the House the vanity of hopes of arbitration.

Having expressed himself with great respect for the efforts made by Richard and his supporters to relieve civilised nations from wars and war budgets, Gladstone drew attention to the catastrophe of the Franco-Prussian war, and to the failure which resulted from England's attempt to pacify the governments of Napoleon II. and the Emperor William.

If there ever existed a dispute more fitted than another for arbitration, surely it was that dispute which arose at Ems between the French Ambassador and the King of Prussia, regarding the candidateship of a Hohenzollern prince for the Spanish throne.

The British Ministry reminded the parties, at the most critical moment, of the famous resolution passed at the Paris Congress in 1856, and remarked that their disagreement was one that might well be submitted to arbitration. The result is known. In conclusion, Gladstone asked the House to decline the proposition, as injudicious speed in this respect would do more harm than good to the cause.

Further, the member who supported Richard tried to prove that the acceptance of Richard's proposal would create a universal public opinion, which would prove of material value for the international tribunal.

The proposal was put to the vote. Richard's proposal received ninety-eight affirmative as against eighty-eight negative votes; consequently the bill was passed by a majority of ten. Of 670 members of the House only about 200 took part in the voting. The remaining Conservatives and Liberals left the House, justly reasoning, with true English common-sense, that whether the bill were passed or rejected, the cause would remain in the same position. Eight days later, all was made clear. On July 17, 1873, the House of Commons received Her Majesty's answer to its address. The author of the answer is unknown. It viewed with favour the peaceful inclinations of the British Parliament, and promised to strive, as formerly, in as far as might be possible, to settle disputes between nations and prop the humane principles of international law. It seems that the influence of Gladstone, whose aversion from even official untruth never wavered, was proved by the fact that the answer did not contain a single reference to international arbitration.

The voting of July 9, 1873, the foregoing debates, and the Queen's answer ought to convince peace societies of the sad truth. For every unprejudiced thinker it is important that Parliament, without a solitary protest, was satisfied with generalities, and that no one grumbled at the refusal of the Government to fulfil the desire of the House, a refusal given without any special effort being made to mask it by polite expressions. This politeness reminds us of the language adopted by the French kings of the eighteenth century, when it was necessary to meet the remonstrances of Parliament with clever delays. In no other case would a Prime Minister have dared to draw up for the Queen's assent such a speech. In this question, by tacit agreement, both parties remained content, understanding that the

efforts of Richard and his adherents deserved nothing better.

A memorable feat of parliamentary hypocrisy was performed in the same year, on November 24, by the Italian Chamber of Deputies. The deputy Mancini, a famous professor and author of international justice, presented the following proposal: "This Chamber expresses a desire that the government should make efforts to establish arbitration as the usual method of settling dissensions between nations, that in treaties a clause should be inserted concerning interpretation by arbiters; and that agreements should be made for the possibility of combining the principles of individual and international right."

The speech delivered by Mancini in defence of his proposal proved that his hopes with regard to the efficacy of arbitration were more moderate than those of Richard. Mancini supposed that when the question concerned the vital interests of the nation, and the result meant either salvation or extinction, then arbitration could not be applied. Most disagreements between countries were not of this vital character, and yet they often led to calamitous conflicts. He admitted that war could not be totally suppressed by the decision of the Chamber. A war of defence was the sacred right of every nation.

The Minister for Foreign Affairs, Marquis Visconti-Venosta, had to express the Government's opinion of Mancini's proposal. While praising the deputy in an extravagant manner, the Minister stated that the Government, which must retain its liberty of action, had nothing to put forward in opposition to the proposal of Mancini.

After further praise had been distributed, the debate came to an end. The proposal was unanimously accepted.

Did this brilliant success please the friends of peace? It was impossible to go further. Twenty-five years have passed since then, and we see how in the same Chamber the supporters of defensive wars decided that if guns were

again discharged on the Rhine they would attack France and capture Savoy, Nice, Provence, and Corsica. The war budget of Italy, which provided for twelve army corps, was voted without any protest, at a time when the nation was beggared, and the Exchequer was not sure of being able to meet the next payment of the interest due on the Government bonds. Half the above force would have been sufficient for the full defence of the country. Its liberty of action with regard to arbitration the Government used so abundantly that nothing has since been heard of any negotiations being commenced with any other power in respect of Mancini's proposals.

The comedy at Westminster influenced the Hague. The local society there, quoting Richard's success, demanded similar action. The Foreign Minister answered that the English example was very important, and that, should England propose any conjoint action, the Government would discuss the case seriously.

Two members of the society, Van Eck and Bredius, from their seats in the Chamber, on November 19, 1877, demanded an explanation of this evasive answer. They insisted that Holland, without waiting for her neighbours, should commence negotiations in regard to arbitration. Happily for the Ministry, and for the honour of the Dutch government, these two deputies themselves doubted the utility of the proposal, and the Chamber was not called upon to trouble the ministers any more at the moment.

A year later, on November 27, 1874, the same question was raised in the same Chamber by the same persons, who quoted not only Richard and Mancini, but others whose efforts had made them famous. This time the Dutch apostles of peace gained their aim. The Dutch Chamber expressed a desire that the Government should commence negotiations with foreign sovereignties, with a view to instituting arbitration. It was impossible to refuse to satisfy the friends of peace. In 1874 and 1875 the parliamentary resolution became fashionable. The Swedes,

forestalling the Dutchmen, in March voted a similar address. In Belgium, in 1875, the question succeeded brilliantly in both Chambers, the Senate unanimously voting in favour of the resolution. In Denmark, in March, 1875, the Rigsdag did not follow the contagious example only because of want of time, as the session was closed before the Special Committee presented its report.

The epidemic soon passed. The resolutions approved at important meetings remained without any consequences. Governments made use of their liberty of action. The apostles of arbitration did not renew their efforts. Only in Holland Van Eck had the simplicity to remind the Ministry that the Dutch resolution had been ignored. The Minister of Foreign Affairs remained unconcerned, and stated that the Government would commence action at the first available opportunity.

The actors in all these grave antics often call to mind the heroes of Swift's satire, "The science of lying in politics."

The hypocrisy shown by national representatives in these debates and resolutions was mitigated only by the fact that the friends of peace were regarded with ill-concealed derision. It is impossible to be severe enough in condemning the false and bombastic erudition displayed by these persons. The more difficult the case of the pacification of nations is, the more particularly is there need that the real truth should be told—truth before all else. The clear conception of the great obstacles is not dangerous, but the confused doctrines and desires, with which may be reckoned the fear of daylight and inveterate hypocrisy, drive observers from the straight and true course. These hope-giving tirades are in reality worse than that stern *non possumus* which has been expressed by the parliaments of Germany and Austria, countries that, without debate, declined the proposal for disarmament.

The moderate and discreet programme of the Conference of 1899 is much more to be admired.

PERMANENT INTERNATIONAL TRIBUNAL

Nothing could be worse than if, under the present conditions of antagonism between nations, a permanent international tribunal should be instituted. If authority, not too strong at the commencement, should at last come near to reaching the vanishing point, it would earn the hatè of the feeble and the contempt of the powerful. Should war proceed, and the Court continue its debates, as certain supporters of the gradual institution of international justice suppose would happen, the Tribunal would run a serious risk of becoming a centre of active disagreement. All to whom the idea of justice is precious should avoid bringing such bitter consequences to pass. The institution of juries in Central Africa, or of Habeas Corpus in the districts roamed over by the Bedouins, the wanderings of these tribesmen, with a view to testing the qualities of such institutions, would be actions about as sensible and valuable as are the proposals for establishing international justice, now that the relations between civilised nations are what they are, since the welfare of one is considered equal to the misfortune of the other, and *vice versa*.

The universal tribunal, an international organ of justice, will and should appear as the consequence, and not the cause, of suppression of war. When the nations of the earth shall enter on a policy which will confirm the feeling of solidarity between primitive and independent social organisms, and when wars shall be scarcely possible, then, and then only, will the day dawn on which such institutions shall appear as will facilitate agreements between governments, settle disputes, serve as the highest display of just ideas, and incorporate universal public opinion. Such institutions will derive force from moral sanction, which will necessarily appear when moral union between cultured nations arises. The general pacification will be realised without international justice and international codes. But when total peace comes into existence, when the attack on one nation by another will be as unlikely as civil war in free and thriving sovereignties, then

international justice will be called upon to strengthen these relations for eternity, so that universal peace may become an eternal and unshaken kingdom of justice.

International justice is not capable of suppressing wars independently, but it will uphold and encourage pacification between nations when wars are discontinued in consequence of the radical changes in international life, which we will now discuss.

PART II

CHAPTER I

The Causes of War Formerly and Now.

THE causes of war have as yet been examined in a very superficial fashion. Count Komarovsky justly remarks that up to the present time this question has been strangely neglected in historical works. It must be acknowledged that towards the end of the nineteenth century civilised nations have reached a condition from which there have disappeared certain impulses and influences that formerly caused armed struggles. Many important changes, prepared by the efforts of many generations, reconstructed the social world during the celebrated years between 1860 and 1870. It would be inexplicable behaviour upon the part of any future historian to include in one era the time before the universal break and that after it. These changes influenced the causes of war more than anything else.

Dynastic wars were totally suppressed. National glory and national avarice are no longer joined with the family interests of the reigning houses. In 1866 England, in a spirit of indifference, permitted the conquest of Hanover, which, not long before this date, had been in personal union with the United Kingdom, and the throne of which was occupied by an English prince. The relationship of monarchs plays no part in political combinations. Close friendship often unites sovereigns, and increases the influence of family traditions. Nevertheless, unions, wars, and agreements do not depend on these personal feelings.

As Goltz says,[1] the time of what were known as chamber-wars is also passed. At our time it would be vain to expect an armed attack on a friendly State owing to the secret considerations and unknown aims of a Minister.

The most sacred national hopes would not move a contemporary State to an enterprise similar to that undertaken by Sardinia in the Crimean campaign.

Anxiety with respect to the political balance does not lead to a readiness to take up arms, if the neighbouring power should be inordinately strengthened. Among those States, which deserve the appellation of European nations, an attack, for reasons which lately caused the Servians to attack the Bulgarians, is out of the question. Six great powers and the United States are absolutely incapable of deciding on war based on such causes. Bitter experience has proved that the increase of the population, and even the increase of the armies, does not always prove the increase of military power. The various increases of population, and more or less successive organisation of troops, the improvement of finances, or the opposite, constantly change the relative danger threatening from beyond the border. In the place of war, efforts are made to keep an approximate balance by adding tactical units in different forms of arms, by constructing battleships, and by building fortresses and strategic railways. Diplomatic collisions, border incidents, the violation of individual international justice, insults to Embassies, the oppression of foreigners, and all smaller dissensions may at the present time produce a pretext for war, but are never the real cause of its outbreak.

When the question, in reality, only concerns such disagreements, then the arsenal of polite means, developed by the customs of ages, punctually produces a favourable termination. The worst that happens is arbitration instead of negotiations. Kind services and benevolent interference brings to pass, as we have seen, the termination

[1] *The Nations in Arms.*

of a dispute of which both parties are thoroughly tired; and each time that this happens we hear fresh transports of joy at the next congress of peace.

That a comparative love of peace should go hand in hand with continuous armings arises from the fact that future war will not raise government against government, not army against army, but nation against nation. If the mobilisation has been successfully carried out, if the troops of the first, second, and third line have advanced, if the Landwehr and Landsturm, militia and territorial troops, are organised, then the peaceful population will consist of none but women, children, and old men. To the greedy impulses which oblige the victor to be humane to non-combatants, we must add the clear impression of the unimportant number of inhabitants who are compelled to be non-combatants. Germany, with a population of fifty millions, can collect five million fighting men, including the Landsturm. In the question of national war it is doubtful whether diplomatic combinations of the style once in vogue, or casual whims, or narrow avarice would have any decisive influence. A person invested with power, when commencing war, must necessarily be governed by general interests and the unfeigned adherence of the national spirit. In the last century it was commonly said that war was the affair of the State, and did not concern the nation; but since then there have been changes without number, and war has become a national affair. Enmity grows into an armed struggle when the public opinion of two countries is in bitter conflict, and when the national antagonism is inflamed.

But, we are told, one nation may be roused against another by a series of unsuccessful and rash political inceptions, after which war can be declared by the crown prerogative, and, once commenced, will develop and will be supported even by peaceful nations. Cannot a talented and unscrupulous Minister, even in such a country as England, gradually and imperceptibly lead his native

country into such a quarrel as only the sword can settle? A favourite politician like Boulanger can risk the destiny of the nation, staking both his own unimportant life and his cheap popularity. Cannot a monarch of a military power, deciding to commence a war, so as to withdraw attention to be relieved from the failure of his home policy, choose an obedient Minister, and, by a series of exasperating actions, prepare an inclination for war, and later make direct use of his right of declaring it?

With regard to all these fears, we involuntarily remember the words of Mamiani, who said, when discussing secret diplomatic negotiations: "Henceforth politics and diplomacy will have to live in palaces made of crystal." In reality, publicity has penetrated into all the recesses of contemporary life. Neither the press nor the public follows anything with such inquisitive attention as questions of foreign politics. Every step of the Minister for Foreign Affairs, every meeting of ambassadors is subjected to continuous observation. No matter how expert the ruler be, who at his own risk and for his own aims has made up his mind to lead two nations to an armed struggle, he will have to prepare his risky enterprise in the eyes of the parliament and papers, before numerous reporters of all nations, who have reduced to a fine art the business of ravelling secrets. It must be acknowledged that in the sphere of politics annoying correspondents and wearisome interviewers effect no small services in the cause of peace by not allowing political adventurers to remain masked. They are compelled to explain themselves sooner than they like.

M. G. de Molinari, in his famous work, *L'Evolution Politique et la Révolution*, in a chapter devoted to the external politics of contemporary States, analyses the possibility of armed attack upon the part of States with different forms of government, and arrives at most saddening deductions. According to his opinion, the representatives of monarchial power, constitutional sovereigns,

dictators in democracies, and the ruling party in republics, seem to have a strong interest in going to war at least once in twenty years. Molinari confesses that national masses may desire peace, and only peace, but the mass is mute. In monarchies, the upper classes have lost their former privileges, but by way of remuneration these classes receive from the Exchequer, in the form of salary, gratuities and pensions, sums that cause them to welcome the change. The more political, administrative, and military expenses are increased, the more are lucrative situations instituted, and, consequently, the incomes of the upper classes are increased. As soon as war breaks out, a military career gives promise of numerous advantages and privileges. Every week spent in active service counts as two; promotion is rapid. If the war is successful, all officers, from the youngest to the oldest, enjoy universal attention and honour, to say nothing of chance benefits that may accrue during the occupation of the enemy's country. This is one reason why, putting traditions and natural inclinations out of the question, the head of the reigning house is obliged to wage war as often as circumstances permit, to satisfy the interests of those who support the throne, and who are a buttress all the more necessary the greater the fear of revolution is.

Continuing his argument, Molinari declares that in whatever country this class is found, when the franchise is free, it holds all affairs in its hands, and for its own advantage inspires periodical wars with neighbouring States. When the elective rights are limited, the power is in the hands of factions which influence the elections, and by all manner of means, however ignoble, strive to increase the State budget. This is why, even in a country like Switzerland, the military budget is continuously increasing; for the military offices thus created enable the powerful class to give employment to their children and relations, and to give them honourable and lasting positions.

War is begun on the first opportunity, for the ruling

classes will certainly not let slip the chance of making use of some favourable opening. The chance to allot advantageous situations in political, administrative, and military spheres, all of which are by them preferred to agriculture, industry, and trade, will serve as a stimulant: "Le débouché politique, administratif et militaire, aura plus d'importance en comparaison du débouché agricol, industriel et commercial."

The martial spirit of Italian politicians, who govern a peaceful population that, as in all countries, is largely unrepresented at the elections, exists, in Molinari's opinion, because the statesmen are keeping a bright watch in the hope of gaining advantages such as are indicated in the preceding paragraph.

Are more powerful interests in favour of peace created when a country obtains a universal vote? Molinari affirms the negative. According to his view, the candidates for election to the national assembly try to make as many promises as possible to the electors, and to certify that peace will not be violated. The author exclaims bitterly, "But we know the value of these electoral pledges!" Peaceful promises, made on the hustings, are kept less than any others. War is accompanied by temporary dictation; consequently an easier form of government is established for a time. Besides, the Opposition will be crushed, morally discredited, and accused of State treason if its leaders dare to protest against the policy of their opponents.

What predominance is gained by these if the war prove successful?

When a State possessed of the franchise falls into the power of a permanent dictator, as Molinari considers it is bound to do at some time or other, the temptation to fight becomes still greater. The dictator can exist only with the support of a class of society that thirsts to risk the hazard of war. The dictator is compelled to possess enormous means of defending himself from the efforts of the Opposition.

Comparing the ruin caused by modern wars with their advantages for the ruling classes, Molinari reaches the conclusion that wars in the present and future times will have a tendency to be repeated once in each generation. There are not sufficient funds for them to be repeated oftener. The country and exchequer must have time to recover. But it is dangerous to go to war less frequently. If the damages caused by the last campaign are partly amended and forgotten, the keeping of peace must lead to revolution, as the ruling class will overthrow a government which supplies it with none of those chances that are so greatly desired by its members. Molinari is of the opinion that the July monarchy fell a victim to its love of peace.

In confirmation of his reasoning, Molinari quotes Laveley, who in his book, *Les Causes Actuelles de Guerre en Europe*, expresses similar opinions.

"The imperfection of the form of government," says the Belgian economist, "used to serve, and often still serves, as a cause for war. Despotism, which allows one person, the sovereign, to declare war, must lead to the reiteration of wars. In reality, an absolute monarch loses very little from war, even if it be unsuccessful. His revenues are not reduced, and possibly his private peace is not disturbed. Only in the case of loss of territory is his pride touched." "In a republic, the election of a President may lead to war. In the United States, during the electoral campaign of 1872, both parties inflamed the exasperation felt by the American people against England, because of the *Alabama* dispute, and made efforts to use this passionate excitement as a disgusting means of popularity."

"Constitutional government, with a powerless monarch, as in England, or President, as in Switzerland, is a better guarantee of peace; but for such a system to prevent war, the existence of an elected Parliament, deciding and decreeing, is insufficient. It is necessary that this Parliament should consist of men independent enough and reasonable

enough to present opposition to the martial proclamations of the executive power. Perfection of this sort has never been seen anywhere—at least, in our hemisphere."

"In vain constitutions decree that the right of declaring war belongs exclusively to the Parliament, If social self-consciousness is ripe, and public opinion almighty, the Parliament votes war at the desire of the ministry. I know no example of a Parliament voting peace when the government desired war." [1]

The dispiriting conclusions of Molinari and Laveley are partly similar to the ideas of Rousseau, who, as we know, expressed with some vigour his opinions in respect to the project of the Abbot St. Pierre, concerning the apparently incurable inclination of absolute monarchs towards war. Both Molinari and Laveley go still further. They affirm that all contemporary forms of government are no guarantee against periodical violations of peace.

When we were discussing the project of Sartorius, we pointed out that the form of its government does not in a nation make for either peace or war. The substance of the ideas of Molinari and Laveley consists in the belief that all republics and monarchies of our time are compelled to go to war in the interests of the rulers and ruling classes, notwithstanding the steady love for peace exhibited by the population as a whole.

We may say of these pessimistic arguments that they would be most important if they were true.

First of all, both Molinari and Laveley based on very shaky foundations their statements that the interest of the ruler is not affected by war, that he can regard the misfortunes of war, and even defeat, indifferently, and that rulers generally are cold, heartless, cowardly, and unscrupulous persons. Facts do not agree with such presumptions. To discover such rulers, it would be necessary to travel to the Asiatic East, to Africa, or to South America. In Europe

[1] Emile de Laveley's *Des Causes Actuelles de Guerre en Europe*, pp. 59-61.

and the United States, after the fall of the second empire, in all the social organisms which held in their hands the destinies of all the world, hereditary monarchs and elected statesmen were easily able to make mistakes due to the frailty of man; but it is questionable whether among them persons could be found who were capable of entangling in war the nation ruled by them, in defiance of its interest or desire. The members of ruling families receive a humanitarian education, and are constantly under the influence of the idea of national welfare as a highest aim, and their sense of honour is highly developed. The consciousness of moral responsibility and a constant public life serve as important guarantees. A descendant of kings is in our days constantly before the eyes of the universe. The fate of Milan of Servia proved how actual this control is. The elected ruler in France, Switzerland, and North America did not always prove to be the most capable of citizens, but was always a famous patriot. During elections the slightest stain of character is always exaggerated excessively. The risk of war, as acknowledged by Molinari, has become enormous. What interest can a President or King have in declaring war? Often failure threatens his power or throne; it always threatens his popularity, pride, and comfort. Not a few of those who are dear to him will sacrifice their life or health. It will be necessary to take care of many, and possibly make personal sacrifices to ensure the welfare of widows and orphans. Laveley affirms, hardly with justice, that the revenue of a monarch is not reduced after a war. At any rate, the revenue is not increased. Consequently, supposing even heartless egotism on the part of the chief ruler, how much madness must be supposed to exist in a man who is willing to risk very much, sometimes all, to acquire nothing! Since the last adventurer fell from the French throne, the individuality of the ruler of the State ceased to be a threat to peace.

It is not possible to consider that indifference to the dangers of the battlefield and campaign is a widespread feel-

ing. The advantages with which war rewards certain representatives of the ruling class are inseparable from serious chances of being shot, crippled, or struck down by disease. It is possible to be brave in the general sense of the word, and yet not to consider a death-struggle as a welcome occurrence. Few persons love war for itself. The majority carefully defends its health and life, preferring these blessings to all others. For selected natures, the necessity of killing and crippling fellow-creatures is worse than personal misfortune and danger.

Since it threatens the greatest blessing of man, the outbreak of war, in spite of the doctrine defended by Molinari, is far less advantageous than any other vital occupation. The military calling is honourable, and honours increase during war; but few attain such promotion or such distinction as can compensate them for enduring the hard conditions of military life. Even the doubled pay of an officer or general is miserly in comparison with the remuneration commanded by persons of the same age in trade, industry, or even administrative offices.

From the first day after the declaration of war, most private incomes are reduced. The Exchange is panic-stricken; the shares of all enterprises, and all funds, fall; quotations go down rapidly. All who are not in the ranks of the troops, and are delivered from the burdens and dangers of war, feel it, because of their monetary losses. It is quite inexplicable how the violation of peace can be favourable to owners and capitalists. Except to a small number of purveyors and stockbrokers, it is doubtful whether war in our days gives any one any advantages. Only the dregs of society and the intensely cunning may prove to be winners. It was not these that Molinari had in view when he spoke of "the classes influencing the government and supporting the highest power."

The budgets of the nations grow bigger after every war, but this increase gives no advantage to any class, no matter how egoistic or power-loving it be. Of course the

taxes are increased. During the first years after the conclusion of peace the Exchequer is forced to learn the real meaning of economy. Consequently, the increase of the budget in no case is to the advantage of the lovers of sinecures and lucrative situations. The lessons proceeding from the July monarchy, which is supposed to have collapsed because of its fondness for peace, are still stranger. A serious author should really refrain from noticing the legend to which reference is made in the preceding sentence. The causes of the fall of the July monarchy are so well known that we wonder to find grave professors putting their trust in silly inventions.

The evidence brought forward by Laveley for the purpose of proving how constantly political Chambers agree to the declaration of war is also hardly conclusive. If these Chambers are always of the same opinion as the government in questions of war and peace, it means that the government is not bound by party interests with regard to foreign politics. During the three last decades the unanimity of national representatives and the executive power in this respect has become more and more remarkable. Whether Liberals or Conservatives rule England, whether Radicals or National Liberals predominate in the German Reichstag, the readiness to support the Government in its foreign politics is the same.

When discussing the causes of wars, Molinari and Laveley, whose theories, be it said, have become very popular, indicated such obstacles to universal pacification as in reality have passed, or are passing, to the regions of tradition and history.

The difference between races, the predomination of one people over another, and dreams of future colonisation were frequently causes of large and fanatical enterprises. The sympathies and antipathies of one nation with and to another were ascribed to radical dissimilarity of national characteristics, to an elementary and unconscious inclina-

tion toward predomination. All hopes or fears of this kind have at the present time a hyperbolical character, and do not agree with reality, as all true observers will readily perceive. Many races are intensely antipathetic; but a series of exaggerations must be admitted and clearness of reason lost if we seek in ethnographical relations the reasons for that antagonism which causes civilised nations at the end of the nineteenth century to prepare weapons against each other. Entirely different races, which do not love one another, at the same time form strong political organisms void of civil dissensions; while nations of one race, belonging to different States, are ready at a moment's notice to commence war. Of the various peoples that inhabit Russia, the majority are opposed to any separatist movements.

In the United States one generation is sufficient for the foreign element to become politically joined to the fundamental population. Belgium and Switzerland present similar conclusive examples. The Frenchmen of Belgium and Switzerland have no desire to be united with France. German Cantons would never become German appanages. Admitting that in a State populated by different races jealous and bitter feelings arise, we observe that even the intensity of mutual animosity is too feeble to be the actual cause of armed strife.

European intelligence and the classes upon which the direction of national actions depends, are steadily drawing nearer to each other. In the upper levels the approach is nearer than desired. It is truly observed that European *Salons* present a remarkable similarity to each other. Continuous intercourse would naturally penetrate downwards into the national masses. The cause of possible international collisions evidently does not lie either in race feelings or ethnographical dissension.

Differences of religion have during the past ages caused the loss of millions of human lives, and converted vast countries into deserts. At the present time religious

persecution is exterminated. Religious hatred and intolerance have disappeared entirely, and the flame of this terrible feeling, which breaks out here and there, and in certain places smoulders under the ashes, is undoubtedly becoming smaller year by year.

If in a country the differences of religion cause dissension, variance, and doubt; if many desire administrative measures in which liberty of conscience shall be proclaimed; if public opinion does not always go hand in hand with the power of this country, then collision of one State with another on the grounds of religious variance is absolutely impossible, and even should the collision commence from other causes, religious questions are not capable of intensifying it.

The last historical dispute between nations on religious questions disappeared after 1870. The suspension of free-will in France and the restoration of Italy had the natural result of reducing the worldly influence of the Popes, which had existed for a thousand years. The hope expressed by Cavour in the sentence, "Libera chiesa in libero stato," was realised. The occupation of Rome was not an infringement of the dogmatic system of the Catholic faith. The Pope acquired wide prerogatives, protecting the independence of his spiritual power. The fall of the theocratic kingdom, which made the unity of Italy firm, strengthened religious peace in Europe and America. Tolerance was the internal, and the fall of the Pope the external, cause which terminated the new religious order, the foundation of which was laid much earlier. The great question of the Holy Land was settled. The Saviour's sepulchre was not less sacred to the believers than during the Crusades; but now all were convinced that the Holy Land was defended by all the forces of the Christian powers, and by the weakness of Turkey. At the same time, the mutual relations of different faiths in Palestine were gradually regulated, and a new quarrel, similar to that of 1852, was hardly possible. And so civilised nations are

no longer drawn into wars by Cabinet politics or dynastic interests. The differences of religion, race, or language, under the influence of liberty, ceased to create enmity, as the first step towards an armed struggle. The only cause of future wars will be real political or economical interests.

The absence of other hidden causes—subtle instigations, incurable hatred between race and race, and all those other elements of discord which in the past have occasioned so many wars—lead to one evident result. Henceforth the pretext and cause of war coincide. It is impossible for one nation to advance against another without revealing the reasons that induced it to take up arms.

We cannot agree with the dismal prophecy to the effect that a vast number of years must elapse before eternal peace will reign. But unhappily the obstacles preventing the discontinuation of war are much more serious than those which are pointed out in the works of Molinari and Laveley as influencing the contemporary condition of foreign politics.

War is no longer the fruit of unconscious elementary powers; war is no longer a mere matter of chance; war expresses absence of solidarity and the sensible conflict of two social organisms in their conscious activity. The combinations of Talleyrand, Metternich, and Napoleon III. are no longer possible, and a great wave of national life has swept over political coteries. Both the animosity of one State against another and the generality of interests have acquired a wider base.

The increase of intercourse between nations presents a most powerful and pacifying influence. But this influence is opposed by a not less strong and not less popular influence. In the catalogue of general interests there appear individual interests, disagreements helping to maintain the animosity of the mass, and national jealousy.

The nature of the opposition between the interests of different populations is clearly explained when we observe

and compare political and national inclinations. Observing one-sided facts of this order, it is not difficult to arrive at a true deduction. The observations are made easier by the bright light which nowadays illuminates all human affairs, thanks to the various and numerous means of free discussion. The comments of the pulpit, debating societies, public meetings and learned works produce a mass of facts easy to be verified in the eyes of the whole world.

After examining the political interests of cultured nations at the present day, it is natural to be convinced that the substance of possible collisions will consist of territorial disagreements and entanglements springing from trade rivalry. The dissensions of European capitals and troubles arising from the colonial politics of naval powers are grouped in these two principles. Disputed frontiers, disputed colonies, and threatened trade spread mutual distrust and jealousy among nations. The annexation of lands, where the population in civil development is not inferior to the conqueror, has lost all attraction during the latter years. Only in the case when the population of the conquered region makes efforts to unite with the victors are the fruits of conquest sweet. Under other conditions many obstacles appear. The times have passed when European nations changed nationality with apparent indifference.

During Napoleon's wars, Italian, German, and Dutch provinces were given into the possession of, and transferred from, one sovereign to another, just as if they were family estates. Austria, surrendering Belgium, acquired Venice. The Duke of Tuscany, losing his estates, received compensation in the form of a German province. The annexation of the Rhine provinces to France was at one time popular among the Germans.

By the Kalisz treaty of 1812, before the final struggle with Napoleon, Prussia was guaranteed a certain amount of territory which was to hold a certain number of inhabitants and to be of a fixed area, on the understanding that

she was free to join whatever political combination might attract her. After 1815, Belgium and Holland, totally foreign to each other, were united into one kingdom. Norway, torn away from Denmark, was annexed to Sweden as a gift in return for military assistance.

During the second half of the nineteenth century, in European nations there gradually developed and became firm such feelings as made it extremely difficult for political jugglers to play tricks with territories against the will of the populace. Northern Schleswig was joined to Germany in 1864, Alsace and Lorraine in 1871. Up to the present time both these annexations, by their consequences for the conqueror, serve as a continuous warning to all aggressive movements. Externally, both captures created for Germany two fierce enemies; internally, they brought dissension into the Governmental system and demoralising principles into the Parliament.

In one of his parliamentary speeches, Prince Bismarck very candidly confessed that he personally was against the annexation of Metz and Lorraine, considering Strasburg, with its surroundings, to be sufficient. According to Bismarck's opinion, Alsace is a German country, which cannot be said of Lorraine. Perhaps the French would have borne with the loss of Alsace, but Moltke was tempted by the great fortress of Metz. The famous strategist explained to King William all the advantages of possessing such an invincible stronghold. "Then I altered my opinion," said Bismarck, "and declared that the annexation of Metz was desirable." Loud laughter greeted this speech.

It was not necessary to be a prophet to foresee how premature was the pleased mirth of the Berlin patriots. The wrenching of two of the best provinces from France gave Germany an enemy in the west, in the form of an army of three million men; and the military traditions of France reckon at least ten victories to one defeat. The foreign politics are of necessity hampered; national activity is mingled with the fear of an invasion, since the enmity of

France is not the consequence of one or other policy of either one or the other Chamber, but is based on the deep feelings of the whole population. The form of government may be changed, one Ministry may take the place of another, but the feeling of enmity toward Germany will remain constant. Gambetta very pointedly characterised the inclination of the French as regards revenge: "It is necessary never to mention, but always to think of it."

The booty, the care of which necessitates constant sacrifices, has a doubtful value for Germany. Though freedom of speech, of meetings, and of the press reigns in all German States, and all individual guarantees are ensured, yet in Alsace and Lorraine exceptional laws are in force. In the Reichstag, of fifteen delegates sent by the annexed provinces, only five support any of the political parties. The other ten form a separate group, inimical to the State, voting or not voting, according to the chances of doing Germany as much harm as possible.[1] To estimate the political importance of these ten delegates in Parliament, it is sufficient to compare the German Reichstag with the French Chamber. Hardly any meeting of representatives is broken up into so many factions as the Deputies of the Palais Bourbon.

At the same time, national ideas and the welfare of France always present a uniting principle in this assembly. When the question concerns the safety and honour of the country, the army, the fleet, alliances, no parties seem to exist. All credits, demanded by the naval or military Ministers in any Chamber, and under any combination of parties, are voted without difficulty. The debates are concerned only with particulars, since all are agreed as to principles. The enormous sacrifices of men and funds for the increase of army and fleet, the construction of fortresses and military supplies are made with a light heart. This can also be said

[1] The latest election returned eight Alsatians, two Socialist Alsatians, three Conservatives, one Free Conservative, and one National Liberal.

with regard to alliances. The upholding of friendly relations with Russia is supposed to be the corner-stone of all the external politics of every party.

The German Reichstag, thanks to the small group of Alsatians and the Deputies of Northern Schleswig, possesses a constant element of disagreement. These Deputies hate everything that can strengthen Germany, and all that can degrade and weaken her is attractive. At the very moments when the representatives of the country should display the utmost unanimity, the Alsatians and Danes either prevent, or abstain from voting. Parliamentary reports show that with certain groupings of parties the voices of small factions consisting of ten to twelve Deputies often decide the fate of a question. Lord Beaconsfield explained that a leader of a party should value every vote, as it should not be forgotten that a lost vote, or a supporter obtained, means a difference of two votes.

The moral influence of a small group is much more than the material. Every orator, every minister addressing the side where the irreconcilable members sit, appears to experience a sense of chill. Taking the oath and living among German ideas are necessary evils that have a burdensome importance for the malcontents. It is possible that a Delegate of a Catholic centre, receiving instructions from Rome, or a Deputy dreaming of the restoration of Hanover, or a Particularist who hates the Prussian rule, finds an excuse for his schemes when he remembers the Delegates of Alsace and Schleswig, who are obliged to be present in a Chamber with which they are in all respects out of sympathy.

If the capture of provinces with a mixed population so weakens the conqueror, then what consequences are threatened by the annexation of lands populated by a foreign nationality?

What fruits would be produced in our days by captures in the style of Napoleon I., to whom the national feelings of the conquered nations were immaterial? What would await

Germany if, by right of power, she had added to Alsace three or four purely French provinces, and, not being satisfied with Schleswig, had retained all Jutland? Undoubtedly it would be easier to lose five army corps and many millions of marks than to possess such provinces.

After diplomatic interests were replaced by national interests in Europe, aggressive tactics became less and less possible. Many frontier lines exist which have a good chance of remaining unaltered. Such are the borders of France and Spain, Spain and Portugal, Belgium and Holland, and Russia and Sweden.

It is possible to think that annexations of land on these lines are undesirable for the more powerful neighbours, even in the case when the weaker neighbour will show no defence. It would hardly be a pleasure for Russia to acquire a part of Norway and Sweden, nor would France be tempted to acquire Navarre or Catalonia. It can be firmly stated that in Spain no one desires extension even towards Portugal.

Colonial annexations have during latter times visibly lost their former attraction. The British Imperial policy has become more moderate. Australia, New Zealand, Capetown and Canada have been allowed to institute their own Parliaments. The moral unions which connect the British populations of these colonies with the Imperial Government prove to be more valuable than mere centralisation. The London Government is evidently ready to agree to the total separation of these colonies. The obstacle is their own desire to retain the connection with the United Kingdom. Australians and Canadians value home-rule, but at the same time desire to be called Englishmen, to be subjects of Queen Victoria, and to see the British flag on their forts and vessels.

In India, and on the Nile, England is true to former traditions, jealously protecting and increasing her territory, and constantly taking care to defend the naval stations along the path which leads from the English Channel to the shore of Corea. As regards all her other colonies, the words

of Gladstone may be considered true. This statesman, with his usual straightforwardness, said that the advantages received by England from her transoceanic possessions would not be reduced even if the political union with them were broken.

France, having captured Tunis and Tonquin, increased her African protectorates, encouraged by Prince Bismarck, but not without strong protests in Parliament and the press. Before undertaking any expedition, a statement as to the entire colonial policy of the government is made. The expense and the small advantage of distant campaigns amidst barbarous races are pointed out by the enemies of colonial expansion. The late Jules Ferry excited against himself the hatred of his countrymen, and was nicknamed "Tonkinois," because he led his country into adventures that demanded blood and gold, and produced some chimerical advantages.

Germany, having become a naval power, decided to acquire colonies. In Polynesia and Africa there remained islands and territories, which, in the eyes of other nations, already possessed of colonies in various parts of the world, had no great value. There the German flag was planted, and German settlements were established. There the German officers, who were free from other occupations, caused the naked savages to undergo military drill, and led them against the local chiefs. The most substantial advantages gained consisted in the acquisition of Heligoland from England, this island being exchanged for a vast tract of land in central Africa. The most remarkable feature of German colonial policy is its exemplary condescension. Viewing the new acquisitions of France with affability, Germany displayed a most obliging mood in the disputes of England and Spain. Diplomacy and arbitration together formed the favourite combination in this sphere of Berlin politics.

In spite of all this, disputed territories and threatened trade represent a dangerous element in international affairs.

Declining absolute predominance, and recognising the disadvantage of large seizures, the modern States have yet retained very concrete causes, which may produce armed strife. Border provinces, where two opinions are possible concerning the feelings of the population, are always entered in the inventory of desirable military and political successes. Colonies, which the metropolis is capable of assimilating, are considered valuable booty, for which it is worth while taking up arms in certain complications. Germany will not return Lorraine. France desires to annex Alsace, and even Belgium and those provinces of the Rhine where the French language is not entirely forgotten. England keeps a strong grip of the Indian Empire. Although they criticise the annexation of Tonquin and Tunis, the French patriots will not let them go without a struggle. As the designs of political complications are now drawn on the wide and strong canvas of national interests, there should exist a general and actual cause of dissent between cultured nations that live under a constant threat of war. Why does a nation under certain conditions find material advantage in the increase of its territories? Why does the nation agree to take up arms and defend the existing boundary, even if the population of the border province in dispute be agreeable to change its nationality? Why do not the German Socialists think of satisfying the desire of the Germans across the Rhine to throw in their lot with France?

The answer to these questions will define the true cause of international collisions. These happen because there exists between State and State a deep and enduring feeling of enmity.

CHAPTER II

The Causes of Contemporary International Antagonism.

SLAVERY has disappeared, religion is free, physiological peculiarities have ceased to act as alienating influences. A foreign language does not prevent a lively sympathy with natives of distant countries; but there remains a very strong element of danger in the behaviour of the masses with regard to the differences of individual rights and the troubles resulting from labour relations. By historical processes of long duration the modern State has attained the important development of guarantees of rights. These guarantees disappear suddenly for every foreigner. No matter to which race the individual belongs, no matter what language he speaks, no matter what education he has received or what social station he occupies, no matter what faith he confesses, the fact of his belonging to another State sets him above the general laws. Foreigners are no longer tortured by tyrants of the stamp of Busiris; they are not openly robbed; they are not enslaved; but foreigners to the present time feel what it means to be in their native land, and what it means to be in another, although more civilised, land. The right of free sojourn is given to the unimportant minority—people who do not need gain, idle tourists or visitors to fashionable resorts, who spend most of their time in moving from one hotel to another. But even these happier persons are compelled to observe fixed limits, which are the more unpleasant the more they have in their own country enjoyed individual inviolability. Whoever is not careful in the choice of

acquaintances, visits public meetings without discrimination, enters associations that are in bad odour, quarrels with neighbours, becomes markedly unpopular, may any day expect an invitation to leave the country. Foreigners may be exiled by the whim of any local authority. Where passport limitations exist, there the situation of foreigners is subject to greater annoyances. Custom-house limitations play their vexing part everywhere. Persons not suspected of any capital crime are subjected to examination and search. In case of the result being unsatisfactory, minor officials are authorised to impose heavy fines, and even to confiscate property. The freer a country is, the greater are the frontier encroachments. In the United States a traveller, when asserting that he is not in possession of contraband goods, is compelled to swear by an oath as rigid as that instituted for witnesses in an English court of law. In England, luggage is subjected to merciless rummaging; in France, the official who discovers a box of cigarettes or a box of matches at the bottom of the trunk of a passenger defines the sum of money to be levied as the penalty for concealing prohibited goods. With regard to tobacco, it is curious that a peaceful and honest smoker has to pay for the same object as many times as he crosses the frontier. The return journey to his native land is accompanied by the same proofs of the differences existing between different States. An Italian, having visited France, must be careful not to take home objects bought there, and may be subjected to unpleasant treatment if he has not had time to wear any new clothes that do not bear unmistakable signs of local manufacture.

The vexations experienced by wealthy travellers are not to be compared with the privations which fall to the lot of numerous foreigners who go into a foreign country with small funds at their disposal, with a view to gaining their daily bread by the work of their hands. Having heard of a country that has need of labourers, where the earning of money is an easier and quicker process than in their own

land, many poor people spend their small savings and travel to foreign shores. The difference between the rights enjoyed at home and those ruling in the foreign land soon appear. The desire to work places the foreigner in a suspicious light in the eyes of the authorities, and subjects him to severe scrutiny and unpleasant control. The more hard-working a foreigner is, and the less exacting, the worse it is for him. In a great country which calls itself free, which was created and enriched by the labours of newcomers, there exist two laws directed against immigration. Immigrants are obliged to prove their political purity; no immigrants belonging to societies inimical to life and property are permitted to enter the country. In reality, this decree, which is just in principle, enables every frontier authority to refuse admission to any foreigner. Why not one more step? Why not compel the new-comer to prove that he does *not* belong to any immoral society? Then not even the most stainless reputation will avail the immigrant.

The same law decrees that the new-comer should be healthy. If he be physically unfit, a guarantee is demanded, certifying that he can support himself by his own means.

The actual reason of these limitations is explained by the motives which caused the law of 1881 to be passed, for in that enactment Chinese immigration to the States was forbidden. Mr. Martens considers this law to be an unjust measure. The United States and China made a treaty in 1868 concerning the free admission of Chinese into America and Americans into China. Soon after this, California and the new railway companies needed a large number of labourers.

Tens of thousands of Chinamen arrived yearly, and hired themselves out for work, excelling the white race in their industry, moderation, and small wants. In mines, in the construction of railroads, in the removal of rubbish, in laundries, in every occupation demanding display of close

and constant efforts, these new-comers agreed to receive a much lower payment than that asked by Europeans and Negroes. The total number of Chinamen in the States in 1881 was not far short of three hundred thousand men.

The Chinese invasion presented no political danger. The Chinamen did not desire to be naturalised. They did not strive to acquire the rights of citizens. Their only aim consisted in the effort to save a small sum, earned by hard work and privations, and to return to their native land if disease and hunger, from which they suffered at all times without murmur, should spare them. According to the opinion of the American press and American Government the crime of the Chinese consisted in their agreement to work very hard for a very small wage. Several meetings, a few newspaper articles and petitions were sufficient to bring about the stoppage of Chinese immigration for ten years, and, later, it was entirely prohibited. In 1888 it was found necessary to legalise the decree, which was contrary to Christian religion, common-sense, and formal obligation. The Chinese Government, deprived of material and moral power, was obliged to sign a new treaty, by force of which its subjects were for ever deprived of the possibility of immigrating to the United States. For the sake of politeness and international decorum the American diplomatists gave the new treaty a mutual form. Americans were also forbidden to emigrate to China. A significant warning was, at the same time, given to Europeans. We shall not have to wait long for the time to arrive when steamers which carry passengers from Liverpool, Genoa and Hamburg will be as hated, if not more hated, than the vessels which brought Chinamen from Shanghai to San Francisco in the years between 1868 and 1881. The wealth of the States is due to European immigration; but this fact will be forgotten, just as the bones of the patient coolies have been forgotten which are mouldering near the Pacific Road, in marshes drained and in mines developed by the

industrious and economical Chinaman. British, German and Italian emigrants are less satisfied as regards remuneration. But this will not continue long; according to Henry George,[1] the wages in the coal-mines of the Eastern States are reduced to about three shillings a day. Famine will reduce this pay still further. Then emigrating Europe will be as poor and industrious, and consequently as criminal, as Asia was, only with this difference, that Europe, over and above payment, demands civil and political rights and naturalisation. Emigrants from Europe, especially from England and Germany, for the most part proceed to America. Having not long since visited the other side of the Atlantic Ocean, Paul Bourget utters a warning to the Americans. According to the opinion of the author of *Outre Mer*, even now there are too many emigrants. Of all popular cries in the United States, "America for the Americans" is now the most popular.

Similar proclamations are heard in the old world. "France for Frenchmen" is far from being an uncommon utterance. Except in Belgium, which, since 1885, has been very liberal to foreigners who arrive to seek work, England, Russia,[2] and several countries which are avoided by emigrants, we may notice everywhere the antagonistic regard of law and administration towards foreign workmen. Italians appearing in the southern Departments of France, Belgians and Germans in the north, especially in Paris, are subjected to oppression and police control. Among the chief causes of this oppression is the fear of increasing the number of the destitute, and the resulting increase of the proletariat. Germany, during the sway of Bismarck, took special pains to clear its Polish provinces of Russians.

To estimate the influence of such laws and orders, it is necessary to enter into the condition of the poor new-comer to a foreign land. Amidst the local population he im-

[1] *Progress and Poverty.*

[2] The law of 1864, says Mr. Martens, opens wide the doors to foreigners who wish to be naturalised in Russia.

mediately becomes a marked man. Even if the law indirectly supports the unfavourable views of the local inhabitants, who regard each unnecessary pair of hands with dislike, then the foreigner may hourly expect actual violence against his property and person. The responsibility for the late slaughter of Italian workmen in France should rest with the law and the authorities.

The juridical collision of two governments on the ground of laws concerning foreigners causes antagonism between two nations. The unpleasant feeling is sharpened when, under the influence and shelter of the law, an inimical relation of the local population to immigrants is caused. Italians arrive in Provence or Languedoc to earn a few francs; if, owing to exceptional laws, the orders of mayors, and the threats of the populace, they return home without a single coin in their pockets, then undoubtedly they will carry to Tuscany or Lombardy an active hatred of France. Would it not be well to take away Savoy from her, Nice also, and even several rich southern Departments?

Naturalisation in Germany, according to the law of June 1, 1870, is permitted only after the foreigner has proved that he has independent means of existence. The law evidently makes efforts to exclude all who earn their bread by the sweat of their brow. Inimical feelings are excited by the oppression of labour intercourse much more than by the difference of individual rights. This oppression creates and nourishes that antagonism which is already so keen and lively among the whole population.

Germany taxes the import of Russian grain. The amount of the tax has been gradually increased to a very high figure, with the result that Russian wheat is twice as dear at a German port as it is in the district where it was grown.

The increased taxation, not only on grain, but in general on Russian raw materials (flax, hemp, oil seeds and timber), was explained as a retaliatory measure in view of the heavier rates charged on goods imported to Russia from

Germany. Both Governments, solicitous for the interests of their subjects, tried so to arrange their tariffs that the larger part of the price was paid by the producer. Germany strove to compel the Russian agriculturist to sell his grain below the normal price. Russia demanded heavy dues from the wares manufactured in the neighbouring country, thus reducing the profits of German merchants. Both sides gained their aim. The profits of the Russian landowners were reduced; large dealers in grain were made bankrupt. In years of good harvests it was easy to trace how many kopecks per head were paid by the peasants of the province of Samara to the Kœnigsberg Custom House. In Silesia the absence of work created misfortunes scarcely less fatal than a famine. And as the economical relations decreased, the political enmity increased. It was an enmity of nations, and not of governments; an increasing antagonism of millions, and not the fanatical patriotism of politicians. Paying dearer for a piece of bread, the tradesman heard that the country which had limited the merchant's profit was surrounded by toll-bars, and that, as a means of retaliation, it was necessary, much to the delight of German farmers, to oppress the import of grain. The agriculturists were satisfied with the added taxation, and were induced to consider foreign (especially Russian) grain an evil which, though at times necessary, it was desirable to limit as much as possible. The population of towns, especially manufacturers, did not agree in principle with the agriculturists, but regarded with glee the misfortunes of Russia, because she had either stopped the importation of their wares, or else levied a too large tax upon them.

The disputes between the two Governments led to the commencement of the war between their respective customhouses in July, 1893. Germany introduced an almost prohibitory duty on Russian grain; Russia levied a double duty on all wares imported from Germany, and all German vessels paid an increased tax. During seven months the press of both countries tried to make manifest the importance

of the damage caused to trade. The opponent's losses were balanced against the losses of the native land.

At this time the political state of Europe was not altered, but enmity was growing on the score of tax disputes. Threatening signs appeared every week. During the most troubled days, at the beginning of October, when the Russian representatives had only just departed for the Conference at Berlin, with total uncertainty as to the result of the negotiations, the Russian Minister of Finance found it useful to express his opinions concerning the possible consequences of a conflict. During an interview with the editor of the *Zukunft*, S. J. Witte stated that, although both nations were suffering losses from the tax-war, the economical side of the question was less important than the political. He compared the conflict and the mutual tariff repressions with a disease which, though of itself not dangerous, might by long duration lead to a dangerous condition of the nerves. He added that he did not agree with Prince Bismarck, who once expressed himself to the effect that "political relations of States should be independent of trade, and it is impolite for nations to abuse buyers who do not wish to enter their shops." This the Russian Minister considered to be simply a parliamentary manœuvre. A statesman who possessed the genius and experience of Bismarck could neither mistake the great influence which the exchange of goods has upon the relations of nations, nor the strong impression produced by the sudden suspension of such exchange. In the *Zukunft* there appeared a very authoritative report from the pen of the famous German, Professor Schöffle, who spoke of this commercial war as a weapon with which it would be impossible to trifle long, without the risk of changing it from a matter of cargo to a matter of cold steel.

The unfeigned feeling of relief, which was apparent when the Trading Treaty of January 29, 1893, having been signed, stopped the sharp conflict, was not less convincing than the opinion of statesmen and scholars. All acknow-

ledged that the agreement averted a war otherwise almost unavoidable.

The lesson to be learned from the Russo-German conflict lies in the fact that in a short period of time the dangerous influence of frontier difficulties on international relations was shown in a very bright light and in a very convincing form.

The necessity of exchange increases for all nations with every step along the path of development of the producing energies. Since the commencement, after the great events of 1860–1870, of the new epoch, the necessities of labour union increases in geometrical progression. And each serious oppression of exchange produces negative influences every year. What formerly caused moderate dissatisfaction now produces dangerous collisions. What lately caused dissension can evoke war in the future.

The greatest stimulant to successful international trade is the continual increase of human necessities.

These necessities, which are satisfied by the contemporary universal exchange, are imperative on each and every day, and are quite different from the capricious and monstrous trade of the past ages.

Then the small number of trading vessels was occupied in the transport of objects of luxury, which in the last century constituted the chief merchandise of the East, namely, diamonds, silks, gold cloth and aromatic substances. At the present time cheap clothing, household wares, fuel, and manure yield ten times more profit. The greatest exchange is effected by England, whose greatest exports consist of cotton and woollen goods, iron, steel and tin wares, instruments, machinery and coal. The transport of guano, phosphorites and saltpetre gives occupation to large fleets. India, the wonderful magazine of spices and precious stones, exported £494,000 worth of these in 1893; the export of cotton represented the sum of £20,000,000; the export of rice was valued at over £13,000,000; and the export of wheat realised £14,000,000.

When the important interests of any local trade are joined with the satisfaction of universal necessities, the produce is directed towards the satisfaction of such necessities.

When eager and general efforts meet with obstacles in the form of artificial limitations, then these obstacles may be undoubtedly considered the source of bitter international dissension.

Since heavy imposts are an obstacle to international intercourse in the sphere of labour, they cannot help nourishing the feeling of animosity; when the obstacle grows well-nigh insupportable, then, as the late conflict proved, the enmity threatens to become an armed struggle.

CHAPTER III

French Taxes and their Influence on International Relations at the Close of the Nineteenth Century.

AFTER the revolution, "La Constituante" introduced moderate taxes. When the revolutionary war commenced, the trade treaties with England were violated. With the conclusion of peace, the continental system disappeared, but no Custom-house peace was concluded. The restoration and the July monarchy introduced ultra-Protectionist principles.

Many imports were prohibited altogether, and some were even refused transit. Only, in 1845, certain alleviations were made. But, even after that, for several years the transit of cattle, fresh meat, cloths, sugar, carriages, arms and powder was prohibited. The import of tobacco in leaves and playing cards was prohibited. The long list of forbidden goods was added to by taxes levied with fiscal, sanitary, and ethical aims. At one and the same time extracting industries and agriculture suffered from protective burdens. Coal and metals were taxed very heavily. To impede the import of grain from abroad, and at the same time to escape famine in the years of famine, a famous tax, called *échelle mobile*, was invented. When the grain was cheap in the country, the tax was very heavy; but when the price rose, under the influence of bad crops, or from other causes, the tax was lowered. This system, which Leroy-Beaulieu mockingly described as genial, kept all France half fed. Molinari believed that only with the disappearance of the *échelle mobile*, in 1860, did white wheat bread take the place of black bread, which, in the houses of the peasants,

was mixed with unhealthy ingredients. This movable tax, oppressive for the nation, more than once, owing to its principle, caused great losses to the foreign import of grain, a fact which, of course, helped to increase those feelings of irritation and national antagonism which, not many years later, cost France so much in blood and treasure.

A law was introduced for the manufacturing industry, known by the English name of "drawback," allowing the return of part of the tax, which was determined by the amount of foreign raw material used in the manufacture of the wares exported. The tax for such half-manufacture was repaid to the exporter. This law had no profitable results for its makers. As a matter of fact, it was difficult to determine, for instance, how much cotton had been used in the manufacture of a piece of print. Manufacturers tried all manner of tricks for the purpose of "drawing back" more tax than had in reality been paid. The government, desiring not to put any obstacles in the way of export, consciously allowed itself to be robbed. Leroy-Beaulieu says that there were years when the Exchequer was in a strange position; the more the government suffered from cheating, the more satisfied it was.[1] The "drawback," advantageous for certain dishonest persons, was very oppressive for industry in general. Manufacturers lost the interest due on their money for the time which elapsed between the payment of the tax and its return.

To ease the trouble, a system of "temporary permissions" was introduced. The manufacturers received the right of importing a certain quantity of raw material from abroad without duty, under the condition that a corresponding quantity of manufactured wares was exported.

The economical consequences of both systems were decidedly unfortunate; the political consequences were still worse. Artificial influences were created which put con-

[1] *La Science des Finances*, Vol. I. p. 581.

ditions to the sudden changes in the demand of foreign raw material.

Great changes were made in the taxes in 1823. The duty on cattle was raised from three to fifty francs per head. In 1834, 1841, 1845, and 1847 the government of Louis-Philippe succeeded in reducing the number of absolute prohibitions, instituting high duties in their place. In 1847 an attempt was made to ease the tariff, in the form of the project of the Minister, Cunin-Gridaine, to repeal the existing prohibitions, and to exclude 298 names of goods out of the list of 666, allowing them to be imported free of duty. The custom-house revenue would have been reduced only by 3,000,000 francs. After stormy debates the scheme was rejected.

In 1848 the temporary government repealed the prohibition of import of silk stuffs, large looking-glasses, and purified iodine.

The relations of England and France after the war of 1859 were strained, notwithstanding the joint expedition to China for which both governments were preparing. The French victories in Italy recalled the days of the first Bonaparte. The arming of France excited alarm, and Lord Palmerston, her late Crimean ally, took measures to strengthen the defences of ports and to enlarge the Channel Squadron.

Notwithstanding the most peaceful intentions of Napoleon, all felt that a storm was brewing. The tone of the English press became daily sharper. A Conservative meeting was held at Liverpool. Such speeches were delivered as caused alarm in the financial and commercial world. As persons of authority did not wish for war, and sought for means to alleviate the inimical state of nations, the initiative, as displayed by the famous economists, Chevalier and Cobden, in the concluding of a trade treaty, was accepted very thankfully. Palmerston and Napoleon opened negotiations, though without any great hopes for success, utilising the services of a private individual—namely, the President

of the Anti-Corn Law League. The secret was so strictly kept that the first conference of Cobden with Rouer was similar, in outward appearances, to a plot between evil-doers. The Minister of Foreign Affairs, Count Valevsky, at no time knew anything about the matter.[1]

Finally, after long discussions, which had a bad effect upon Cobden's health, he being unaccustomed to Court intrigues, the *Moniteur*, on January 5, 1860, published a letter of the Emperor to the Minister of Trade, announcing the reduction of duties, and on January 29 a treaty was signed, notwithstanding the most stubborn opposition of Napoleon's Ministers and the provoking agitation of manufacturers. The affair did not escape attack in the British Parliament, where one member remarked that it was not decent for "the free Parliaments of Great Britain to occupy themselves in the docile registration of the decrees of a French despot."

On the contrary, the public expressed unfeigned delight. The economical consequences were not yet discussed, but it was felt that the danger of war was past.

The hope of peace caused such a pleasant agitation in Manchester as had never been known since the repeal of the Corn Laws. The English papers changed their tone immediately.

In reality, the treaty was a very timid half-measure, a change from prohibitions and nearly prohibitive duties to protectional duties. No special clauses were stated, only general principles and maximum standards. The amount of the tax was determined by later agreements. Raw materials were to be admitted free of duty, and all the remaining prohibitions were to be repealed. In general, the principles of the pre-revolutionary treaty of 1786 were renewed.

"Trade and exchange," says Leroy-Beaulieu, "relieved of insurmountable obstacles, were developed; the greater number of industries experienced the inspiring action of

[1] Morley's *Life of Cobden.*

competition, which they could bear, but which caused them to make great efforts. Many industries were renovated, and flourished, which formerly were oppressed or destroyed by the protection. It is true that certain industries suffered: not a few metallurgical works were closed. But these local misfortunes were inevitable, and were fully balanced by the increase of the general welfare."

The Empire fell. As soon as peace was concluded, the Protectionists, or, in reality, the manufacturers, commenced an agitation against the tariff principles of 1860. Nothing was more natural than the desire of the manufacturers to increase their profits, making use of the fall of the government, which increased competition. The arguments brought forward were: First, that the introduction of the reform of 1860 should have been referred to representatives from the various nations; secondly, attention was drawn to the fact that the liberal tariff was introduced by the same Government which led the country to Sedan, Metz, and the Commune. Both arguments were, in reality, insolvent. The worst and most egoistic governments might display useful inclinations, and even realise them. In civilised lands, and everywhere where the nation is capable of even feeble self-activity, no government, no matter how great its material forces be, could exist even for a year, if among its measures and among the laws introduced by it there were no useful reforms. Although the Second Empire began by trampling on the laws, and by an unyielding display of military power, although dynastic interests were the directing principle of internal and external politics, and the administration, to its last days, allowed itself to make despotic encroachments, nevertheless, amid the actions of Napoleon III. and his advisers, we find numerous wise and beneficent measures. The treaty of 1860 stands at the head of the list of acts of this kind. It was approved at a later date even by persons to whom the Empire itself was hateful. Such an opinion was expressed by the members of the Permanent League for the defence of the interests of

tax-payers and consumers,[1] for the majority of whom the 2nd of December, 1861, was a day of great crime, and the Republic an institution to be blindly trusted.

At first it was possible to think that the system of 1860 would be retained and developed. Thiers, in his proclamation to the National Meeting of December 5, 1871, triumphantly declared that he forswore the politics of prohibitive trade and accepted the system of 1860 as a base. He said: "We do not wish to become responsible for industrial retrogression by the institution of prohibition in the place of total freedom in trade. We have left unchanged all the existing taxes on iron and iron wares, coal, chemical produce, glass, crystal, porcelain wares, plain woollen stuffs, fresh and salt fish; in a word, on the majority of objects of international exchange."

Thiers demanded only the two following changes:—

1. The slight increase of from 3 to 5 per cent. in the tax on cotton yarn and stuffs, flax and wool.

2. The increase of from 12 to 18 per cent. on mixed tissues of the northern works (*tissus de Roubaix*).

"And these modest changes," he said in conclusion, "are demanded not so much for various increases of the existing tariff as for the insurance of its just application."

It happens often that by false declarations in the custom-house the tariff is reduced 3, 4, and even 5 per cent., so that the demanded increase will in reality have only the consequence of the just application of the treaty of 1860.

Mr. Boutarel supposed[2] (he wrote in May, 1872) that Thiers renounced his protectionist ideas, overcome by the evidence contained in tables on page 226.

Forty-nine milliards during 1861–69, instead of twenty-nine during 1852–60. An export of 3 milliards in 1869, instead of 2½ milliards in 1860. Besides this, the industries had become accustomed to the liberal tariff. The declara-

[1] *Ligue Permanente Pour la Defense des Interêts des Contribuables et des Consommateurs.*

[2] Boutarel, *La Ruine des Exportations Françaises* (1872).

I. From 1852 to 1860.

Years.	Export. Millions of francs.	Import. Millions of francs.
1852	12,569	9,894
1853	15,419	11,961
1854	14,137	12,911
1855	15,579	15,941
1856	18,930	19,898
1857	18,658	18,729
1858	18,872	15,628
1859	22,664	16,407
1860	22,771	18,973
Total	159,609	140,347

Total, 299,956.

II. From 1861 to 1869.

Years.	Export. Millions of francs.	Import. Millions of francs.
1861	19,263	24,423
1862	22,427	21,986
1863	26,426	24,264
1864	29,242	25,282
1865	30,884	26,418
1866	31,806	27,935
1867	28,259	30,265
1868	27,899 [1]	33,057
1869	30,749 [1]	31,581
Total	246,955	245,141

Total, 492,096.

tion of the head of the State and, later, the decree of the national meeting on January 19, 1872, which renounced the duty on raw materials, promised that the Imperial tariff would outlive the fall of the Empire. These hopes were not realised.

The services of Thiers during the peace negotiations, his

[1] The decrease in 1868 and 1869 was caused by the introduction of high duty in the United States.

struggle with the Paris Commune, and, most of all, a series of legal measures for the speediest clearance of the country from the Prussian occupation, gave him a right to an honourable name in the history of France. But numerous dark spots are visible in his political activity. Sincerity and rectitude were not numbered among his qualities. Thiers in his heart never thought of renouncing his ultra-protectionist opinions. But he considered it indiscreet to state plainly that he desired the return of the old prohibitive system. His words concerning the sincere application of the treaty of 1860 were nothing but a dexterous manœuvre, designed to lead his opponents astray.

It only needed the authority of the Government to bring to life once more the egoistic and short-sighted views which were in favour of heavy duties for the protectionists to acquire a powerful ally. After the fall of Thiers, in 1877, it was possible to see the dark powers of individual greed that had secured the victory for its side by a series of artful combinations. Leroy-Beaulieu considers that the public opinion, after 1877, fell into delusion, and that the first failures of the protectionists, in 1871 and 1872, did not discourage them; the system which was in general use up to 1860 was re-established in 1882.[1]

Thiers himself had only time to abuse the trading treaties to a small extent. His successors continued the work. The wall was broken. Only common-sense and general welfare stood up for the maintenance of the treaties; but these produced little or no influence at elections. But the second attack was also unsuccessful. When, on April 7, 1875, the Minister de Meaux asked the opinion of the Chambers of Commerce concerning the question of the treaties, sixty-two divisions out of seventy-six were in favour of the renewal, and some speakers stated that they considered the treaties a stepping-stone to the total freedom of trade. Then it was decided to make another feint. The Minister of Finance, Teisserrand de

[1] *La Science des Finances*, pp. 604 and 629.

Baur, proposed increasing the duty for only those Governments which held back from concluding treaties, and to introduce a general tariff for them; for all others with whom agreements had been made the conventional tariff should be retained. The House had not had time to discuss the question when the change of May 16th occurred. The chief actors in this movement were ultra-protectionists, who, as far as they could, strove to encourage protectionist desires. But because they had so little time, they did not succeed in doing anything in this direction. When the country had disposed of these reactionaries, the portfolio of the Minister of Trade was left in the hands of Teisserand de Baur.

It was reasonable to expect that protection, only just compromised by the conduct of those who supported reaction and State revolution, would have opponents in the persons of the Ministers. But the contrary occurred. The scheme of the tariff showed an increase of 24 per cent. on nearly all wares. At that time (the beginning of 1880) the Chamber of Deputies was inclined in favour of the liberal tariff. The government, in the person of the Minister, Tirard, made another feint. Having convinced the Chambers that it was impossible to retain a duty in the form of a percentage on the declared value, the ministry gained an increase, not of 24 per cent., but 70 and 80 per cent. The *ad valorem* duty was in reality very oppressive, both for the Exchequer and for trade. Constant disputes concerning prices, the export difficulties, the contradictions between the declarations of price in different custom-houses, and even in the same custom-house at different times, the losses of the Exchequer, the losses of honest importers, the advantages of dishonest ones—all these defects could not be disputed. When, in principle, it was decided to replace duty *ad valorem* by duty on a certain measure, then the list was made out with a care to defend the interests of the influential circles, and to utilise, as is always the case in questions of tariffs, the counsel and

direction of persons and institutions with interests corresponding to the increase of the duty and opposed to the interests of the consumers.

In 1882 no trace was left of the liberal tariff, and three years later two laws were passed, on the 28th of March, 1885. The first defined the duty on corn. The second taxed meat and live stock (bullocks, calves, sheep, and swine).

The law was countersigned by the Minister of Agriculture, M. Melin, a fiery and obstinate protectionist. A new feature in the history of France—Melinism—derives its name from him.

The new plan consisted in an effort to protect simultaneously both French agriculture and French manufactures. The *échelle mobile* was, in fact, renewed for grain, but was changeable not so much in accordance with the price of grain as in regard to the change of ministry. The duty influenced the prices, but the prices did not always influence the duty.

Professor René Strum gives the following table of prices of grain in France and the duty (*Systèmes Généraux d'imports.* Paris, 1893, p. 386).

Year.	Per 100 Kilogrammes.	
	Price.	Duty.
1883	25 francs 05	60 cents
1884	23 ,, 78	,,
1885	21 ,, 91	3 francs
1886	21 ,, 63	,,
1887	26 ,, 92	5 ,,
1888	23 ,, 85	,,
1889	24 ,, 41	,,
1890	24 ,, 15	,,
1891	25 ,, 46	3 francs (from June 1, 1891, to June 1, 1892)
1893	21 ,, 50	5 francs

The above changes in the tariff policy of France from 1815 to our days are sufficient to prove that the inter-

national exchange on the French frontier was subjected to casual influences, which could not be foreseen by any commercial foresight, and which caused foreign import excessive losses. Each of the reformers, taxing or oppressing the national industry or local consumers during these eight decades, evidently believed in the utility of his changes. In due course we will discuss the economical consequences. Now we will draw attention to their political influence. There exist similar features in all these tariff taxes, namely, total indifference to the interests of foreign producers and consumers. The alleviations which were made in the fortieth and sixtieth years were produced either under the influence of bitter necessity or from casual inclinations.

The absence of repression does not always soften international relations. England and Belgium, who have adopted free trade, could or would not answer France by an increase of duty. Nevertheless, the political relations felt the influence of the one-sided tariff manœuvre, although the affair did not lead to a war of taxes. Belgium drew herself away from the industries established in the northern Departments, and ruptured all close historical and ethnographic relations with them. The tariffs of the third Republic proved worse for both nations than the evidently aggressive inclinations of the Second Empire. Napoleon III. desired to annex either all Belgium or the southern French provinces of this country. In some cases the Brussels Chamber protested officially, and sought the protection of the powers which had created the small kingdom. Moreover, King Leopold declined all territorial compromises in connection with the Luxemburg question. After the fall of the Empire, all such direct fears were removed. The Republic only wished to return Alsace and Lorraine, and quite forgot Luxemburg and Namur. But Teisserand, Tirard, Melin and others, made their appearance, and instituted a persecution of Belgian iron, locomotives, wagons and rails, of Cockerill arms, of cloths, beef and grain. Then, instead of wasting time in diplo-

matic dissensions, the inhabitants of Antwerp commenced arming and strengthening themselves. Among these there were many old men who remembered how in 1832 the French troops had captured the town from the Dutch and given it to the Belgians. All the southern frontier was covered with casemated, screened forts, in the making of which the talents of General Brialmont were well applied. The defence against French capture became a matter of national interest, instead of a question for the Ministry.

In England the same changes were marked with similar features. The inclination of the English was evinced in very sharp protests, in Parliament, against the French policy of protection. Societies were formed whose efforts were directed to the exclusion of French wares from use. The Princess of Wales was president of one of these societies. Year after year, step by step, the antagonism was increased.

Now England and France spend millions in the increase of their navies. Colonial disputes, having no serious ground,—as, for instance, the useless regions of Central Africa,—have at times become very sharp. Relations between the two foremost nations were established, based on the ancient formula, "Si vis pacem, para bellum"—counsel fitter for savages than for civilised human beings. The Channel Tunnel, which was already commenced, was stopped in obedience to the demand of the House of Commons.

CHAPTER IV

Tariff Changes. Trade Treaties. Custom House Practice. Fiscal Tariffs.

THE changes undergone by any tariff tax display the substance of every tariff as it is. All demand a certain constancy in fiscal matters; scholars and statesmen condemn frequent changes in taxes. A series of legalisations made pretentions of stability. More than once it was stated that knowledge and its able exposition had attained something final. But life and the logic of facts dispelled these illusions. No power, no talent, no energy could provide the country with a constant or even slightly steady tariff. If the general direction of trade politics was unchanged, then the officials of the administration were changed; if the authorities remained the same, then fiscal demands were changed; if the custom-house made no demands, then the exchange made them.

The tariff by itself presents a too changeable, too elastic means of national taxation to remain unchanged under such influences, which are not capable of altering other means of State taxation. Once frontier taxation exists, it will always inevitably, beyond human will, produce continuous metamorphosis.

If we travel from the Old World to the New, we shall observe that beyond the ocean the same causes produce the same consequences. During this century, up to the eightieth year, the United States made six sudden and sharp changes in its fiscal policy. The tariff of McKinley, introduced to the United States in 1890, was considered as very steady both by the Americans and Europeans, and was expected to

put a stop to fluctuations and changes for a long time. But before four years had elapsed, Messrs. Hoffman and Wilson introduced a totally different system of taxation. Hoffman's tariff came into force on August 16, 1894. Instead of McKinley's duty, which averaged 50 per cent. of the price of merchandise, the duty was reduced to about 38 per cent. The list of free merchandise was increased. But sugar was taxed 40 per cent., and the duty on spirits was largely increased. President Cleveland said that, according to his opinion, Hoffman's tariffs ought to be considered temporary. The correspondent giving this information bewails the fate of America, which changes its duties so frequently. As if all countries were not in the same condition!

The institution of trade treaties is usually pointed out as the best way of evading the consequences of a war of taxes and fiscal changes.

The pacifying influence of trade treaties, though unquestionable, should not be exaggerated. Peace is not attained, but merely a truce. All the phenomena of a temporary suspension of battle are observed. After causing each other much damage, the exhausted enemies agree to suspend hostilities, but only for a stated time. At the end of a treaty a clause is generally inserted to the effect that the agreeing party shall be informed that at the end of the term the ordinary course of affairs will be resumed. That is, successful methods for ruining the citizens of the neighbouring States will be again introduced. Treaties are rarely made for a term of over ten years. If after every ten years of trade the danger of a trade war, and perhaps of a real conflict, shall threaten the peace of nations, the part of trade treaties will prove to be a very unimportant one. The renewal of treaties is not frequent. Pacifying influences, after having attained a temporary success, grow weaker. On the contrary, the genius of enmity, long before the term, making use of the carelessness of the opponent, commences its work,

so that by the time the treaty expires the ground is prepared, and with loud exclamations of pleasure from short-sighted politicians and self-loving monopolists, the temporary agreement is ended. The eighth decade of the nineteenth century produced more than one example of *dénonciation de traité de commerce*, especially in France and Germany. During the later days, the Franco-Italian rupture is very characteristic. In 1892, France, owing to the law of December 21, 1891, refused to prolong trade treaties, which expired on February 1, 1892. Soon Spain and Switzerland stated that they could not be satisfied with conventional, in other words, minimum tariffs; a dispute ensued, and excessive duties again oppressed exchange. The mutual excitement was very strong, as certified by Poinsard in his well-known book.

A trade treaty is a happy event for the world only in the sense of direct results. It would be strange to consider that the efforts to bring the tariffs to a bearable State are an insurance of peace of any duration. Trade treaties, giving advantages to certain governments, damage those which have not, or have not had, time to conclude treaties. The Russo-German conflict has become especially sharp since the time when Germany concluded, at the commencement of 1892, several separate treaties with Austria, Italy, Switzerland, Belgium, Turkey and Bulgaria.

The celebrated *clause de la nation la plus favorisée*, that is, the obligation to reduce to the lowest level the duty applied to any other country, often becomes an obstacle to the reduction of taxes. Not wishing to give advantages to one nation, the State is obliged to harm many. The influence of the Frankfort treaty of 1871 is very curious. Germany and France agreed always to apply to each other the advantages of the most favoured nation. All the latest duties of France are in connection with these conditions, and the general duties remained high for all nations trading with France, so as not to facilitate German industry.

The application of the tariff, to say nothing of its inter-

pretation, increases the changeability and the weight of border taxation. The collision of the demands of life with the letter of the law occurs everywhere; international trade on all frontiers suffers from confusion and complication.

Hardly any clause of the tariff exists without explanatory and supplementary circulars, rules, and instructions. Much labour and much knowledge have been expended in the compilation of supplements to the tariff of obligatory decrees. Sometimes these decrees have more importance than the tariff itself.

The following are some examples of the existing Russian practice.

Clause 29.—Mead, porter and beer (all kinds) and cider:

(1) In barrels and casks, per pood gross, 1 r. 20 c.

(2) In bottles, per bottle, 20 c.

Circular No. 3208, 1894. Foreign beer, "Kraftbier," Bass & Co., shall be imported with a payment of 20 c. per bottle, but the labels shall not bear the word "Kraft."

This is a curious demand. Very likely in English custom-houses the labels are subjected to much closer examination.

Clause 31.—Vinegar. *Note.*—Vinegar is considered a liquid which contains not more than 8 per cent. of vinegar acid; all stronger mixtures are imported as vinegar acid.

In reality, the "note" will give rise to a very close and oppressive examination.

Clause 56.—Peltry.

Circular No. 604, 1894. Artificial bear-fur, glued on cloth, per clause 56 § 2, with an addition of 50 per cent.

The explanation becomes clear when we examine other clauses. In general, merchandises not arranged for in the tariff, are taxed according to casual opinions.

Clause 57.—Leather and leather wares. Conventional additions (that is, per trade treaties).

"Note-books and portfolios of kid, chamois, morocco and parchment, 70 cop. per lb.

Note (conventional).—"By the taxes stated in this clause, the named wares are cleared, even in case of containing silk or half-silk in the form of decorations for clothes.

Circular No. 14,637, 1894, explains that if silk composes part of a note-book, as a separate part, the book is taxed as a costly trinket, at the rate of two roubles per lb.

The tariff is not capable of explaining what is meant by "a separate part," what may be considered separate, and what is only a decoration. This is owing to its complication, and the mass of clauses and additional points. Neither can the circulars explain matters, even to an intelligence unusually acute. In reality, plenty of room is left for a free interpretation.

Generally speaking, the admixture of silk is the *bête noire* of every fiscal station on the frontiers, and the annals of custom-houses contain many records of wares which have suffered at one point of the frontier and passed successfully at another.

Clause 195.—Silk wares.

Circular No. 17,158, 1894. Stuffs in which the warp and weft are partly silk, partly other textile materials, are considered silk when the surface of the texture is covered on both sides with silk to an extent of more than 50 per cent., and half-silk when the silk-covered surface is half of the whole area. Textures in which the silk-covered surface is less than half the area are taxed according to the corresponding clauses of the tariff, and according to the material of the texture with silk covering or decorations.

It is remarkable that special efforts to reduce the burdens of the tariff cause opposite results. In order to facilitate its study, the order of classification is sometimes altered. In the Russian tariff of 1891, with a view to obtaining practical results, similar tariffs are united into one clause. The

result of this, as is pointed out by Mr. Yanjoul, is an absurdity: "Tobacco is classified with tea and sugar; timber with leather wares, such as shoes; in the department of rush and basket wares we find cane furniture.

To make the tariff yield a greater revenue, while at the same time it shall be less burdensome, we try to increase the number of articles taxed, and to vary the classification in accordance with the value of the articles; *ad valorem* taxation is avoided, because experience has proved it to be unworkable. These good intentions lead to the creation of a long list of clauses which bring about complicated, ridiculous, and burdensome results. A case in point is reported from England, where formerly raw material was strictly separated from manufactured wares. A certain person imported a mummy from Egypt. The custom-house officials first decided to consider the mummy raw material, but the art of embalming induced them to change their minds. The body of the Egyptian was thereupon declared manufactured goods, and the duty levied was £200, a sum representing 50 per cent. on the stated value, the owner having given such as £400, fearing confiscation, and not supposing that the ashes of a human being would be classed under any head of the tariff.

The strict distinction which the science of political economy makes between protectionist and fiscal tariffs has in reality long since lost all importance. The influence of duty varies owing to the rapid improvement of contemporary mechanism, and the alterations in the conditions of international interchange. The cost of the produce of metals and coal, the price of grain, the prices of manufactured general goods become less, owing to the progress of technical science and the development (notwithstanding all obstacles) of the universal interchange. At the same time, they are liable to fluctuations, under the joint influence of the variations of wages, trades crises, and the fall and rise of the money-market.

The duty of 100 per cent. of the value of pig-iron (22½ copecs per pood) imported to Russia, as proved by experience, may at one time be fiscal and at another protectional, according to the price of pig-iron in England. The existing conventional classification of 75 copecs per pood on iron may, in the near future, be either protectional or prohibitive. The duty on manufactured goods everywhere is at different times either prohibitive, protectional or fiscal, although the tax does not vary.

The varying action of the same tax on grain—the action which undermined all calculations—was observed in the import of Russian, American, or Indian grain.

No shadow of protectional inclination exists in South America. The tariffs of the Republics are compiled in a way which would grieve M. Melin and please the Cobden Club. The rulers have nothing against the greatest import of European manufactured goods. They only desire a liberal filling of the custom-house exchequers. On the shores of the La Plata, or in the neighbourhood of the Panama Canal, the Minister of Finance, making out the tariff, solves a curious arithmetical problem. It is necessary to determine under which tariff the product of duty by the import will be the greatest. Little care is paid to the necessities and the suffering of the payers, and still less to the losses of the foreign producers. If, say, 1,000,000 kilogrammes of goods were imported, and the tax were three francs per kilogramme, would it not be better to treble the tax? Then if the import were reduced by half, the revenue would still be greater than formerly. Such a problem allows of two solutions. One of the multipliers, the consumption, is reduced as much as the second multiplier, the duty, is increased, and naturally preference will be given to the minimum import with the same revenue. A double duty on half the import is preferable, because the same result is produced with less trouble.

The system is supplemented by the wide application of export duties. Not oppressed by protectional prejudices,

with a strictly defined aim, the South American financiers give export duties a special patronage. Guano in Peru, saltpetre in Chili, Paraguayan tea, which grows in Brazil, Brazilian coffee—these are all taxed with an export duty to the greatest amount bearable.

The results of such fiscal policy are well known. Notwithstanding the vast, thinly populated expanses, which avert all territorial disputes; notwithstanding the profession of the same faith and the same language; notwithstanding the traditions of the united struggle for freedom, nowhere does there exist such fierce antagonism as between the large and small South American republics.

As soon as there arise between the South American republics questions which demand unity of interests, then there appears not a desire of attaining by united efforts a result favourable for all, but, on the contrary, individual greed is developed along with an inclination to take advantage of the difficulties and desires of the neighbour, so as to oppress him, and even, if possible, to exterminate him.

Such questions in these cases, instead of agreement, cause dissensions and conflicts. Not one nation of the Old World regards another with so keen a suspicion as to forget daily necessities, in the manner common among the Republics of the New World, which, to all outer appearances, are similar to each other.

The rich nature of South America, the tropical climate and virgin soil, increase the growth and development of everything transferred here from the Old World, commencing with plants and animals, and ending with institutions.

Here fruits become juicier and more plentiful, trees more flourishing, animals stronger and more sinewy. The naturalist can observe for what one or another representative of the European flora or fauna may be best suited. In the same way, tariffs—the offspring of European protectionists and free-traders—have flourished here.

The South American war of 1881–1882 was undoubtedly caused by the export duty on saltpetre and silver.

Export duties also had their irresistible consequences. At the first opportunity the European powers are ready to attack these countries. Only the fear of expenses, and the working of the mineral wealth, which has only lately been commenced, detains them.

The existence of custom-houses proves to be an almost unbearable burden for European international interchange, now that business is so vast and so hurried. Looking over the figures which give us the results of foreign trade, we know not at what price, with what risk, with what difficulties each vessel, each car, and each bale of merchandise arrives at its destination, if it has to cross the frontier between two nations.

What was the use of spending milliards of francs on the Suez Canal? Could not a railway, connecting Port Said with Suez and two extensive ports, solve the question quicker and with more ease? The difference between transport rates over ninety miles by rail or by canal is not great, and is well balanced by the premium which has to be paid for passing through the canal. The reply is plain. Every one acquainted with the conditions of the transport of goods would prefer the ancient course round the Cape of Good Hope if the isthmus were traversed by a railway in place of the canal. The unloading at Port Said, loading into cars, the unloading from the cars and loading into another ship at Suez, would be so oppressive that a long ocean voyage would be preferred. But not only the expenses connected with the transhipment would have a decisive consequence. The damage to goods, indefinite detention, losses (inevitable when reweighing) would finally drive commercial fleets away from here.

The railway across the Isthmus of Panama is only about forty-five miles in length. But neither the Panama rail-

way nor the railway from Chili, across the Cordilleras to Buenos Ayres, will ever take the place of direct communication.

Narrow straits, in exactly the same way as a narrow isthmus, oppress international exchange. The scheme of the Channel Tunnel attracted a huge capital. If the junction of English and French railways had been effected, then not only would the enterprise have quickly and bountifully repaid the expenses, but the trade would have been increased, being freed from two transloadings from cars to steamer, and *vice versâ*.

The influence of custom-house taxes has more than once been compared with artificial increase of freight charges. Such comparison does not exhaust the importance of border taxes, connected with examination, weighing, and other formalities. It is far juster to compare custom-houses with those indefinite losses and detentions which are caused by the natural obstacles of Suez, Panama, and the Straits of Dover. The first demand made by every custom-house regulation is the direction of all imports and exports to certain points. The import of goods is permitted only through those places where custom-houses exist.[1]

Through second and third class custom-houses only free goods and a few enumerated taxable goods are permitted to be imported (p. 327). Similar limitations exist in all other codes. This burden alone disfigures international exchange, and daily develops the feeling of alienation and irritation. The improvement of communications, the increase of railways and local roads, is always in advance of the increase in the number of chief custom-houses. Left to itself, trade would be directed to numerous places on the different borders. On the contrary, custom-house regulations, creating as it were a wall along the entire frontier, open only few gates. The distance to be traversed by certain goods is increased, and a compulsory and inconvenient course created for others. The comparison with

[1] See *Russian Custom-house Statute*, p. 325.

a wall lessens, not exaggerates, the importance of the custom-house line. To facilitate the successful control of the direction of goods to the proper custom-houses a so-called border line is instituted, this zone having a width of thirty versts in Russia, and from twenty to twenty-five kilometres in France. Within the limits of these zones the strictest watch is kept on all movements of goods. According to French laws, any crossing of the frontier at night-time is prohibited. During the day every consignment of goods must prove its legality, otherwise confiscation or fines are imposed. According to Leroy-Beaulieu, the local inhabitants are burdened with a series of most oppressive measures.

The border-zone covers both the sea shore and a strip of the sea. The Russian law puts this strip at three miles.

From the point of view of custom-house politics nothing can be said against the obligatory direction of goods to certain frontier points, or against the strictness of control within the prescribed zones. For international exchange, especially in the civilised countries of Europe, these custom-house postulates yearly become more burdensome. European shores abound in numerous convenient ports; the natural curves of the shores give the possibility of landing at every sea village. In northern Europe, in seas with tides, the mouths of all small and large rivers might serve as landing-places. The deep fiords of Scandinavia, which run inland for a great distance, are accessible not only for fishing-boats but also for ocean steamers.

But all these conveniences are useless, owing to custom-house guards. At most points on the sea shore no custom-houses exist, but a custom-house guard prevents unloading, and directs sailors to the proper places, where a staff of officials and examiners exists, where warehouses are built, and where all attributes of contemporary frontier taxation are found. When a vessel, train, or cart with goods enters the custom-house, its trials commence immediately. First

of all, two copies of a certain form of bills of lading are demanded. No delay in the presentation of these documents is permitted. Besides the bills of lading, a certificate of individuality is demanded. All persons on board ship, without any exception, are bound to know and observe all the custom-house regulations. Any disregard of the rules by any one of the ship's crew is visited on the owner of the goods.

Confiscation is frequently practised, and on a scale unknown in any other sphere of life. Confiscation in custom-houses frequently punishes unintentional deceit or fault, when only inexperience or slight carelessness is to blame.

Formalities commence at the first step. The steamer is registered, the passports are verified, a report is sent to the custom-house, all hatches are sealed. As soon as the vessel enters the port a special agent is appointed to watch it. Twenty-four hours later a new document is demanded, namely, a declaration of cargo. This declaration, besides the merchandise, states the number and kind of documents, the individual property of the master and crew, their clothes, provisions, ship's furniture, the names of the crew, and their nationality, whence and in how many days the ship has arrived, the size and tonnage of the vessel.

After this a preliminary examination is made; the vessel is searched. A committee of three custom-house agents breaks the seals and attentively examines all the places, the master being bound to open all lockers, drawers, boxes, both his own and those of the crew, and all places serving, or which may serve, for stowing articles and goods, without any evasion or concealment. A fine impends, if all the places be not opened.

In ports where a large amount of goods is gathered, as, for example, at the points of chief attraction for international exchange, the goods have to pass two custom-houses—the first and the chief. In France, on the contrary, the double line is applied to the inland custom-houses.

Where double custom-houses exist the preliminary examination is made at the first house, and the final at the chief house; in general, the formalities and examination are divided, and thus excessive oppression is caused. If the chief custom-house is located so that, owing to the shallow water, vessels cannot approach it, then lighters and barges are loaded under the control of the watchmen; then these are sealed and sent away to the wharf, where the goods are discharged.

Before unloading is begun, these lighters are again examined to see if the seals are intact, and the declaration is entered into another book.

The discharge is permitted only in certain places specially set aside for this purpose.

Night discharge is prohibited, with the exception of very urgent cases, as, for instance, in the White Sea, where, during the short period of navigation, no night exists; so that, in reality, the regulation of unloading from sunrise to sunset is not violated, since the sun does not fall below the horizon. This exception confirms the rule.

Every evening all hatches are sealed by the official, and reopened every morning.

The discharged goods are carried or transported to the custom-house warehouses, and here registered again. When, finally, the discharging is finished, many of her fittings are taken from the vessel, such as sails, awnings, ropes, and so on, to be locked up in the same warehouses. All heavy parts, which it is difficult to detach, are registered and entered in a book. After this a final calculation of the ship's cargo is made, so as to verify the declaration.

All these formalities are gone through even in case a vessel carries nothing but her ballast.

All that proves to be omitted from the declaration and bills of lading is confiscated.

The quantity of spirits, tea, sugar, and coffee is strictly regulated. Americans and Englishmen are allowed not more than 1½ lb. of tea per man.

The control of imports by land and by sea differs slightly. Cars and carts excite less suspicion. But the documentary certificates are the same. Once the goods have entered the warehouses, the difference between land and sea import disappears. The goods are subjected to a second examination, boxes are opened, the quality is examined, the goods are weighed, or accurately measured. Within five days a detailed explanation must be presented, in which a full description of the quality and quantity of goods is necessary. If the declaration is not made out on the specified form, it is returned as useless. When the declaration is made out in the necessary manner, it is entered word for word into a book, and verified with the first declaration.

When all these formalities are finished, the custom-house official signs the declaration, and gives orders for the examination.

"The goods are weighed, measured, or counted; drugs are analysed by special chemists; the examination of machinery and apparatus is carried out by mechanics."

In an earlier paragraph it was stated that a good deal of arbitrary classification exists, and it was pointed out how little help is given to the tariff by administrative explanations.

The custom-house statute is as undefined as the tariff. If the energy and suspicion of the agents go beyond a certain limit, hardly any trade will be possible. As a matter of fact, if a great part of the cases or boxes be opened, then irreparable losses will be caused, all patience will be exhausted, and the goods will be detained too long.

How far custom-house practice extends in relation to details is proved by the affixing of lead seals to every piece of certain goods.

The demands of international exchange become more imperative, so that the burden of custom-house oppression becomes greater year by year.

CHAPTER V

Free Trade and Closed Frontiers. War in Times of Peace.

NO country, although it has reduced and simplified the tariff, but has retained the custom-house, can make pretence of actual liberty of international exchange. English excises, levied at the frontiers, differ very little, except in name, from customs. The English excise has the same importance for French wine-merchants as the customs of Spain and Germany. France, on an average, exports 250,000,000 francs worth of wine yearly. Of this amount the greater part goes to England; of the quantity exported bottled, half is imported to England. The lower taxes of England fall on the larger quantity of goods. At the most enthusiastic period of free-trade, Mr. Yanjoul stated that in one or other point of England's custom-house system he observed upon occasions not only fiscal but protectional inclinations. For example, foreign spirits were taxed five per cent. higher than the home product. Again, we may notice a further proof in the prohibition, since 1875, of the import of cattle from the greater part of Europe. Although this is explained by sanitary reasons, in reality it was instituted for the purpose of aiding local cattle-breeding on farms.

The burden of examination, the search of vessels, the verification of contents catalogued in the declarations are carried on on the British frontiers in the same way as on other borders. The army of custom-house officials is constantly at work, because it is so easy to conceal tea, coffee, wine, spirits, cocoa within bales of free goods. Trade is

possible only owing to daily compromises. For instance, out of a consignment of goods not more than a few cases are opened. At the same time, chemical analyses are practised without mercy. The severity and experience of the English frontier experts in this respect deserve ample praise.

To estimate the loss caused to international exchange by free-trade tariffs, and even excise duties, it is useful to remember those unbearable burdens which were attributed to the custom-houses of the interior. These institutions rarely levied high duty. The contemporary French tariff taxes the import of eatables and wines very moderately. But notwithstanding this, all consider inland custom-houses to be literally unbearable, and the best French economists are making efforts to repeal the *octroi*. Leroy-Beaulieu says that among custom-house taxes frequently the lowest taxes are the most burdensome. Amongst taxes introduced from 1870 to 1871, one of the least considerable to all appearances, but in reality most oppressive for import trade, is the statistic tax. "Cela n'est rien," said the Minister who invented the tax. "When crossing the frontier, you pay ten centimes for your trunk, and you will not notice so small a tax." But what is unnoticed by one or two persons is very burdensome for any extensive export or transit trade, and this tax, which is not considerable when a box of indigo or a piece of silk is being passed, becomes oppressive, and even prohibitive, in the case of goods of low value. Chemical products in boxes, worth about 20 francs, have to pay ½ per cent. Pieces of ground sandal prepared for Spain and Portugal, worth 10 francs, are taxed 1 per cent., paying the statistic duty when exported, not counting the same payment when imported. The number of examples may be added to considerably.

Adam Smith did not believe that the egoistic interests of the rich classes would ever permit the substitution of free-trade for protection. His mistake is not very great. Free-trade is permitted very conditionally and insincerely. The

duplicity of the principles of the English freetraders was displayed very visibly in the permission of autonomic tariffs in the British colonies. Only the metropolis and the islands of the United Kingdom possessed a liberal tariff. The colonies beyond the ocean received the right of choosing independently any form of custom-house policy.

The same principle, which was proclaimed in the British Parliament, and which, as Cobden hoped, would be immediately accepted by all European nations, did not spread to Canada, the Cape Colonies, Australia. It is not necessary to explain this inconsistency by the rights of the colonies to home-rule. The real cause was the fear that the universal Imperial tariff would ease foreign interchange with the colonies, and that the revenues received by the owners of English enterprises would be lessened. It was hoped that high taxes on the colonial frontiers would cause much less loss to imports from the metropolis than to imports from other countries which conducted ocean trade. The absolute losses would be counterbalanced by the relative profits. The trade traditions of many years' standing also led to the belief that the London and Liverpool firms would continue the trade with Quebec and Sydney, and that at the same time this trade would be limited for foreign firms by the high duties.

The colonies made great use of their rights of instituting autonomic duties. Colonial protection was created. The insincerity of English freetraders was justly punished. Protective duties were introduced with a view of limiting the import of goods from the metropolis to the colonies. The exchange with the colonies decreased.

The historian of British trade, Leon Levy, with sorrow points out that "some of the colonies use their freedom of action in trade politics, not always in union with their further advantages, and evincing no attention to the interests of their metropolis." Not long ago the duties of Canada and several Australian colonies gave special cause for just complaints from an English point of view. The

colonies, said Mr. Yanjoul, by the aid of the means which were practised for so many years in England, and by the assistance of protectional duties, made efforts to create their own industry. We will venture to state that English politics would not dissent from a tax which, in regard to England, would be half fiscal, and prohibitive with regard to other countries.

In an interesting book relating to his travels in the colonies, Sir Charles Dilke says that the inclination towards the protective system is met with in Australia in all classes, and even amidst the shopkeepers, to whom it would to all appearances be immaterial whether they sold foreign or local merchandise. "Patronise national industry," write the colonial tradesmen. "Show your patriotism by taking only colonial goods," is written in large letters above the doors of certain shops in the colonies.

How much welfare and how much evil is caused by the autonomic tariffs of the British colonies for their own industry is a disputed question. One thing is certain: the excitement of antagonism and alienation. The wise and traditional policy of Britain, which despises political domination, which regards local home-rule with sympathy and encouragement everywhere where the British flag floats, has lost, owing to these tariffs, a great part of its fruits. Ireland, Scotland and Wales have no greater rights to autonomic tariffs. The autonomic rights of colonies to tariffs is as unreasonable as would be the privilege of re-establishing slavery. The least evil is the loss of several markets where the metropolis exchanged good and cheap manufactured wares for raw materials produced by the virgin soil. The alienation of the colonies from such a healthy and life-giving centre as the islands where human liberty was created is much sadder.

The closed frontiers, causing international alienation, and presenting constant sources of enmity between kingdoms, demand such institutions and lead to such conse-

quences as are among the certain causes of contemporary war. Life demands constant and free interchange. Border limitations are obstacles to the interchange. Smuggling is a protest against tariffs. The first methods of this are cheating and artfulness. As artfulness is not always successful, force is sometimes resorted to, as, for example, smuggling. For the suppression of smuggling, all frontiers are provided with armed bodies of soldiers. Special vessels protect the coast. The result is a continuous struggle along all the frontiers. Peace between States is a relative peace. Military actions, as exhibited in the famous cordon system, never cease.

Military barracks in times of peace, and even fortified places, present no danger to persons approaching them in the evening or at night. The frontier is a different affair. There, where no natural landmarks exist, the border line is not indicated by anything. But the careless, although unintentional, crossing of the frontier during a fog or at night may result in death or disablement. Cases of strayed travellers being killed in broad daylight have occurred on the border of Alsace.

According to the Russian code of laws, the frontier-guard and coastguard are obliged during both day and night to have foot and mounted patrols active in all directions.

The frontier-guard along the Prussian border is forbidden to allow gatherings of suspicious persons, although these be unarmed and without merchandise.

If while on duty any of the officials of the frontier-guard should notice a gathering of armed persons, or persons who, carrying anything which may cause wounds, or observe them preparing to cross the frontier, he shall hail them, and should they not retire, then shall he, not awaiting their attack, fire on them. This is quite a military state of affairs.

The frontier war is carried on by infantry and cavalry. The frontier-guard possesses no artillery, because the enemy

always presents an open chain, and prefers action by night. But the law foresees cases when the guard of cavalry and infantry may prove too weak. To pursue numerous parties of smugglers, and to resist those engaged in carrying contraband goods, when the actual forces at his disposal prove to be too weak, the chief of the custom-house district may demand regular troops, and in cases which cannot wait, the commanding officer of the detachment may make the demand.

The meaning of the law is clear. All troops on the frontiers form a reserve of continually active cordons.

If the duty wars are longer than the periods of trade agreements, if the duty increases in the right proportion to the increase of the population, and the increase of the necessity of constant exchange, the troops will frequently have to hasten to the aid of the frontier guard. It is quite possible that at some time even artillery will be called into requisition.

Even now artillery plays a prominent part in the defence of certain coasts. England and the United States have to struggle with illegal import, using a custom-house navy, whose vessels cruise along the coast with loaded guns. According to Russian laws, it will be remembered, the custom-house zone consists of a strip three miles wide on sea and three miles inland from the coast.

Every vessel entering this zone, when approached by a coastguard cruiser, under the custom-house flag, shall stop the engines: in case of not complying with this demand, the cruiser shall fire a blank shot; further, if the vessel which has entered the zone shall endeavour to retreat, the coastguard vessel shall first repeat the blank shot, and afterwards fire at the rigging, and afterwards at the hull of any such vessel.

These actions are similar to those which precede the capture of a prize in naval warfare. Coastguard cruisers compose part of the navy, and are entered into the list of vessels of the same; but owing to their special service in

times of peace, they are under the direct orders of the Minister of Finance.

Both on land and on sea the consequences of frontier taxation is the use of military force in times of peace.

The more civilised, more densely populated and richer the country be, the keener is the smuggling, although other conditions are equal as regards the burdens of frontier taxation and control; the more dangerous is service in the frontier guard; the sharper is the international enmity.

The enemy adapts himself to localities with artfulness and readiness of wit. On the Belgian frontier, where the localities are flat, smuggling is accomplished by means of horses. On the Swiss frontier, where the aspect of the country is more mountainous, the smugglers travel on foot.

On rivers, small vessels are utilised. When the desired moment arrives, and the guard retires, small boats row to France, transfer to the confederates, or discharge to the houses on the coasts, the merchandise, and then disappear, without leaving any traces.

The islands Jersey and Guernsey serve as stores along the Norman coast; the merchandise is brought in large vessels, and then the goods are transferred to the French coast in shallow boats.

Both sides evince bravery, and brilliant feats are performed. The constant struggle develops artfulness, and accustoms both the law-keepers and the law-breakers to danger.

"The smugglers start at night. Every morning after daylight the frontier-guard passes along the frontier, attentively examining all objects. The footprints on fields, broken branches, removed stones, all serve as indications for the custom guard, and they immediately commence the pursuit of any bands, traces of which may have been noticed. This is not a hunt, but a war of Red Indians.[1]

There is no need to look to rough life in the Far West for stirring and lawless incidents. Any frontier constantly

[1] *Les Douanes et La Contrebande.*

presents the same wild scenes, where human reason strives in a continuous death struggle with the enemy, who is everywhere and nowhere. The frontier service is hard. The watcher's time is spent, both by day and by night, in ambushes or searches, in field and forest, and the more inclement the weather, the greater his risk.

When serious actions are expected, a conscientious guard may pass a whole month without sleeping in his bed. He lies wrapped in a sack of sheepskin, under the starry sky or drenching downfall, watching the wide plain.[1]

Raids carried out by mounted smugglers, which occur in the north-east of France, only differ from military raids in the fact that the inhabitants conceal the horses after the affair is over. In the interval between two expeditions the horses, free of cost to those who have sheltered them, are used for ploughing and carrying legal merchandise.[2]

How are we to explain the energetic aid and co-operation which the smugglers find among the inhabitants on the frontier? Partly by gain, but still more by fear. The smugglers have much influence in the frontier zone, and inspire the poor folk with dread. What can the village inhabitants do against these fierce and threatening bandits? No one in the village is ensured against their hatred, for, as a rule, there is but one policeman in the place. Farms, inns, and lonely cottages may be said to be almost entirely unprotected.

That a disastrous effect should be produced upon national morals by the closed frontier is an inevitable result. Those who violate the tariff laws and border regulations gradually become accustomed to violate all other laws, written and unwritten. Like the poachers of the olden times, who from illegal sport passed on to robbery and crime, the smugglers rapidly become marauders. According to the words of M. Verly, the environs of the rich manufacturing centres of the most densely populated and the richest districts of Northern France, namely, Roubaix and Tourcoing, have,

[1] *Douaniers et Contrebandiers.* By Hippolyte Verly, p. 85. [2] *Ibid.*

during these later years, become nearly impossible for peaceful life.

Not a day passes without the newspapers of Lisle reporting crimes on the frontier territory; workmen returning from work are attacked, half killed; women are insulted in the fields and on roads, public houses are stormed, murders are committed in lonely houses, and bloody fights occur; robbery reigns everywhere. The farm-houses on both sides of the frontier have become hotbeds of smuggling.

The cruelties of wars when one of the parties is undisciplined are well known. If such sad facts are considered ordinary events in the richest and most civilised countries, we have another proof of universal inaction. With the declaration of mobilisation, the military character of the frontier guards becomes more evident. The frontier-guard becomes the natural vanguard of the acting army, and, as such, it is subjected before other troops to the fire of the enemy. For instance, on the east border of France the custom-house cordons are entrusted, upon commencement of military operations, with the defence of bridges and tunnels, and are instructed to blow them up in case of necessity.

In the war of 1870 the first shot was fired on the enemy's picket by a custom-house soldier near Tionville, who was the first Frenchman killed by Prussian bullets.

"The frontier guard," writes another author, "forms as it were a live wall around us."[1] The number of men composing the frontier guard in France reaches 20,208,[2] forming in times of war 38 battalions. The forces stationed on the frontier are equal in numbers to the army of the United States, and would be quite sufficient for the protection of internal peace.

No matter how large and strong be the wall which is erected around the contemporary State by laws, tariffs,

[1] *Les douanes Françaises.* By Henry Bacques, p. 142.

[2] *Ibid.*, p. 155.

military force, frontier-guard and coasting cruisers, the near future may bring forward a method of communication that will cause new difficulties to appear.

The science of aerial navigation yearly makes good progress. Although, as regards heavy goods and cheap fares, the atmospheric ocean will hardly present a profitable means of communication, for costly merchandise it will offer the freest and the quickest transport. It is evident that this coming triumph will, perhaps before ten years have passed, make possible a route which neither frontier-guards nor coasting cruisers will be able to bar.

What measures will then be necessary to impede international communication? With intentional extravagance Henry George proposed that a roof should be built over the whole territory of any kingdom. The possible result is plain. Independently of the frontier cordon, it will be necessary to institute posts of observation and custom-houses all over the country. In times of peace the entire army will be transformed to custom-house guards, and the administrative officials into a hierarchy of collectors of duties and controllers of passports. Their strained activity will be frequently interrupted by wars.

When nearly all the national energy shall be employed in the struggle with respect to international communication, the keeping of peace will become a problem hard to solve by the best political talents.

Curious difficulties even now crop up in rich and densely populated localities; on the frontier itself common settlements are made and common towns erected.

The same street belongs to two different States; houses are erected that are divided by the frontier-line, *les maisons à cheval*. One room belongs to France, the other to Belgium. A bedstead or writing-desk may be set down so that the head of the owner will be in one kingdom and his legs in another. Removing a bottle of wine from the wine-cellar to the kitchen, he will be smuggling. Protectionists complain that these buildings lead to the same result as

a breach in the walls of a fortified city—that is to say, through them attacks are made on the national industry; financiers have worked out approximately the losses caused to the exchequer by houses of this sort.[1]

One of these houses (erected in the town of Hallum), bearing the high-sounding name, "*Estaminet des Deux Nations*," figured in a sensational case in 1894. The accusation was upheld by M. Melin, the world-renowned leader of the new protectional policy in France.

Common towns, houses, outbuildings and shops work much harm, but harm of quite another kind from that which the friends of M. Melin think. The worst must be considered the fresh growth of aggressive interests and political inclinations, which have a close connection with these mismanagements of border relations.

The sincerity of the statements in Parliament in respect to the disadvantages of aggressive politics is subject to no doubt. At the present time no power strives to bring it to pass that the sun shall not set in its domains. Every new enterprise beyond the ocean is subject to continuous attack, and has to be justified by some weighty motives. All has changed since the time when the interest of several influential persons, love of glory, greed and despotic inclinations ceased to be the aim of politics; even the profits of trade are now separated from the necessities of the national mass. Nevertheless, aggressive politics continue. Germany makes efforts to secure colonies and sea-stations everywhere. England jealously takes care of her universal dominions, and although she has given autonomy to Canada, the Cape, Australia and New Zealand, she is less liberal with regard to India. France is preparing an expedition with the view of retaining and strengthening her Asiatic and African protectorates. Italy is spending money on the Abyssinian enterprises.

Towards the end of the nineteenth century social conditions and international relations have changed entirely,

[1] Verly's *Douaniers et Contrebandiers*, pp. 52, 53.

under the influence of the development of right and the advance of sciences. If the advancing steps of civilisation are not checked by the forcible ruin of contemporary civilisation, the chief stimulants, which of old caused an endless series of wars among civilised nations, may be regarded as past. The idea of a universal monarchy, the inclination to universal power, desires of capture, dynastic greed, the suppression of national inclinations to freedom, religious oppression, slavery, conditions essentially similar to slavery, will all disappear in that ever-memorable decade when a series of events of universal consequence, following one after the other, shall reconstruct the life of all the nations of the universe.

But the harmony of organic development, the co-operation of social organisms is disturbed by one powerful factor.

The rights of individuality and freedom of labour are not yet firmly set in the international sphere, and thus cause unavoidable disagreements. A smothered, yet increasing, antagonism is observed, which causes the most powerful States to spend their best forces on the preparations for armed strife.

When the feeling of enmity brought about by national separation shall cause the national self-consciousness to overflow, then this deadened hatred will result in a crisis. One nation will attack the other with arms.

CHAPTER VI

Genesis of the Idea of Free Communication.

MATERIAL power and moral influence appear in our days on the side of civilised nations. The securing of content and peace between European nations and the great North American Republic is equal to the gaining of eternal peace. The struggle with savage and half-civilised races, their civil wars, even periodical shedding of blood in Central and South America, are dangerous only when the trans-oceanic dissensions overpower the interests of the great capitals, and when the heavy losses suffered in warfare with savage tribes threaten to influence a conflict on the Rhine, the Vistula, the shores of the Straits of Dover, or those of the Mediterranean.

Hidden enmity and open strife between such powers as control the fate of the future at our times, as stated above, occur only on the grounds of legal and economical dissensions, which are nurtured by the heavy oppressions imposed on individual rights in the international sphere, and on the freedom of interchange. All the old exasperations, which caused endless civil wars, have disappeared from the civilised world: have disappeared, and exist, but only to a harmless extent, beyond its limits; have disappeared under the influence of the triumph of principles which ensure the indestructible rights of human individuality.

The deduction naturally made is this, that the removal of the sole cause preventing the pacification of civilised countries is the solution of the problem of attaining perpetual peace. If it is possible, instead of resorting to economical and legal separativeness, to work out such

normal conditions as will institute liberty and union there where now oppression and dissension reign, then wars will hardly be possible, and will finally disappear, as slavery disappeared, after existing for thousands of years.

To complete what has been done towards the end of the nineteenth century by human genius, historical revolutions, the labour and suffering of so many generations, it is necessary to acknowledge this as true, that the self-existence, welfare, safety and progress of civilised nations are compatible with free frontiers and labour intercourse; it is necessary to study and bring to life the principles which will make it possible to avoid all national separativeness. It is grievous to see that the programmes of the two parties now struggling—Freetraders and Protectionists—are very far indeed from acknowledging any such conceptions.

The idea of free intercourse between nations, as a sure path to the suspension of war, was born in that country where, more than in any other, legal relations were strengthened and economical science studied and cherished. The forerunners of Adam Smith, especially Dudley North and David Hume, remarked that the oppression of international trade breeds antagonism and wars. Adam Smith was the first who pointed out interchange between nations as a method of pacification. According to his opinion, trade between States, in the same way as between individuals, naturally serves as a bond of union and friendship, while false views have made trade a continuous source of disagreement and enmity, and caused many wars. The wealth of a neighbouring nation should cause not envy, but a feeling of hearty goodwill. If it is at any time dangerous, it is so only in case of war, when it gives the enemy a chance of maintaining a larger army. But in times of peace the wealth of a neighbouring kingdom is a general advantage. Just as a wealthy person is a better customer for the surrounding merchants than a poor one, so is a rich nation.

In his last book Condorcet left to posterity the following remarks: "The better educated nations, taking advantage of the right of ordering at their will their mode of life and their wealth, will gradually become accustomed to consider war the greatest misfortune and the greatest crime. First of all, those wars will disappear which are caused by politicians who grasp at national supremacy under cover of so-called hereditary rights.

Nations will understand that they cannot become conquerors without loss of their freedom; that lasting unions are the sole means of preserving independence; that safety should be sought, but not overpowering might. Little by little industrial prejudices will disappear; individual mercantile interests will lose their power of flooding the earth with blood, and ruining nations under the pretext of enriching them. As nations will agree in moral and political principles, as every nation for its own advantage will invite foreigners to a juster division of welfare, so all the causes which breed, nourish, and strengthen national hate will gradually disappear, and will cease to inflame and feed martial passions. Institutions—more logical than those plans of eternal peace which occupied the leisure of so many thinkers—will accelerate the success of this union of nations; and wars between nations, as if it were murder, will be considered one of those atrocities which degrade and revolt the soul, which give a bad name to a country, soiling its honour and blotting its annals.[1]

Among those thinkers, the contemporaries of Condorcet, who sacrificed their leisure to projects of eternal peace, Emmanuel Kant is prominent. In an earlier chapter we explained the substance of his effort, which had an effect no more valuable than those made by others to solve the same problem. But Kant added a supplement to his project, in the first part of which he expressed more fruitful

[1] Condorcet, *Esquisse d'un Tableau Historique des Progrès de l'Esprit Humain.*

opinions, some of which agreed in many respects with the ideas of Smith and Condorcet.

"Though nature," says Kant, "wisely separated nations, which every kingdom wishes to unite by artfulness or force, nature, nevertheless, employs their mutual interests to cause union between them, since it could not have been expected that the idea of cosmopolitan doctrine would be a sufficient guarantee against war and violence. As economical predomination gives the most wealth to kingdoms, they are bound to apply their noblest efforts in the cause of peace, even though they possess no humane aims. No matter where war should occur, these kingdoms ought immediately to seek methods of suspending it by intermediation: great alliances with martial inclinations are rarely made, and are, luckily, still rarer."

Three great minds, observing the revival of society which occurred under their eyes, acknowledged, independently of each other, that the surest stimulant to peace is economical alliance. For profound observers, simultaneously in different countries, there began to appear, among other healing influences, a tendency toward continuous interchange and free international relations. The strengthening of legal relations in England, the ruin of the ancient order in France, the awakening of national feeling in Germany, gave an equal possibility for the appearance of the first uncertain hopes for the reconciliation of nations on the ground of labour union. During Napoleon's invasions much good seed was lost and forgotten. Finally, when peace reigned, the ideas of Kant, Condorcet, and Smith naturally found followers in the native land of the latter.

David Richard's work, *Principles of Political Economy and Taxation*, made its appearance in 1817. Developing, amplifying, and debating the deductions of Smith in chapter vii., Richard says, "By means of total freedom of trade every country will give its capital and labour such a destination as it considers most advantageous for itself. This inclination to individual advantage in a surprising manner corre-

sponds generally with the common welfare of society. The encouragement of industry, the reward of individual talents, and the taking of all possible advantages from natural forces of nature, causes the most beneficent and economical distribution of labour. In our days the increase of the general quantity of produce spreads welfare everywhere, and mutual exchange, connecting all nations of the civilised world by common ties of mutual interest and friendship, creates from them one great communion."

Adam Smith did not believe that protective duties and mercantile principles would ever disappear.[1] Richard proclaimed his theory at a happier time, when the horizon of England was clearer, when reality did not differ very plainly from the ideas of thinkers. Richard had a great influence, not only on the ideas of men of science, but on the entire course of government affairs. Two years after the issue of his work he was elected to the House of Commons. Parliament always listened with profound attention to its famous member. After peace was once more signed in Paris, many trade treaties were concluded, and the party of free-trade increased. In 1820 the merchants of London presented to Parliament a famous petition against the injustice and danger of protective duties. According to the opinion of Yanjoul, this petition was the turning-point of English trade politics. The originator of the petition was the famous author of *The History of Prices*, Took, who did much to widen the sphere of economical science. This petition was supported in Edinburgh. Parliament, under the pressure of public opinion, appointed a committee to examine both petitions, in the report of which, for the first time, national representation acknowledged the conciliating influence of free-trade. "The time is past when monopoly could successfully exist, or could be tolerated. Trade, released from all oppressions, will at once become the

[1] "To expect that the freedom of trade will ever be totally instituted would be as absurd as to expect that Oceania or Utopia will ever be realised."—*Wealth of Nations*, ch. ii. vol. iv.

source of mutual friendship between nations, and the exchange of produce will develop industry, wealth, and the happiness of all mankind. The committee thinks that a gradual approach to a more reasonable system should be the base of all trade rules, and that this will be as much to the interests of Great Britain as to those of all other nations." [1]

The plain truth was spoken by the newspapers so long as they had only to claim general principles. Compromise and stagnation were displayed in regard to the application of the new ideas. No one thought of repealing fiscal taxes. The excise duties were numerous and heavy: there existed even an excise duty on glass.

The dissension between free-traders and protectionists went on for years. Then came the grand struggle, from 1839 to 1846, in connection with the Anti-Corn Laws League. Some effect was made upon Parliament when it was pointed out how great a part of the workman's wage was spent on dear bread. In reality, for the greater part of the free-traders it was important to overcome the material domination of the nobility and landed gentry, which was based on high land rents.

Nevertheless, there existed actual friends as well as feigned friends. They stood prominent in the front of the movement, and proved, no whit less than the free-traders, to be supporters of peace. Cobden and Bright were prominent among these men. For them the succour of the poor was a sincere aim, not the means to an end. Free-trade was to them a vital necessity of nations, and not an economical reform for the strengthening of capitalism. Eighteen months after the victory, Cobden, speaking at a meeting at Manchester, on the 27th of January, 1848, while referring to the Duke of Wellington's utterance on the subject of an increased armament for England, said: "You should acknowledge, gentlemen, that during the long agitation in the cause of free-trade, the most fiery adherents

[1] Yanjoul's *The Free Trade of England*, vol. ii. pp. 2, 3.

were those who constantly supported free-trade, not only because of the material advantages which it would produce in the country, but also because of a more important reason —the establishment of peace between nations."

"The brotherhood of nations is founded on industry, and not on the new means of communication, which makes distances of small account."

J. S. Mill thought that the results springing from the influence of international exchange on intellectual and moral life were still more important than economical advantages.

"Trade was the first to teach nations," says he, "to observe kindly the wealth and successes of other nations."

In past years a patriot, if he were not so bigoted as to consider his country the universe, wished that all other nations should be weaker and poorer, and have worse governments, than his native land; and in the wealth and progress of other lands he saw a direct source of wealth and progress for his native land. To trade, which strengthens and develops individual interests that are naturally opposed to war, we are indebted for the fact that war is quickly going out of use. Without exaggeration, it may be said that the wide and rapid development of international trade, being the chief guarantee of peace on the earth, serves as a firm guarantee of unbroken progress of ideas, institutions, and qualities of humanity. Ideas of free-trade as a means of conciliation acquired a special, although ephemeral, popularity during the Exhibition of 1851 in London. The remembrance of the victory of the League, the peaceful competition of all nations, the amicable relations with Russia and France (despite the fact that the second Bonaparte was then preparing to put on the imperial crown), were favourable omens to the followers of Cobden for the coming of that happy time when the general reconciliation of European nations would be an accomplished fact.

We know how soon their hopes as well as their illusions were dispelled. The political atmosphere was still very

heavy. In America, slavery existed on both sides of the equator. In Europe, the fruits of 1848 appeared in fierce reactions. Russia had not yet seen the dawn of reforms. Railways were only just being commenced. The idea of cutting the Suez Canal, though it was as old as the pyramids, was considered to be the dream of a restless and tiresome Frenchman. The Crimean War soon displayed the true condition of affairs.

During the years when the League commenced its activity, the work of Carey, *The Principles of Political Economy*, was printed in the United States. Under the influence of plenty, high wages, and the total absence of pauperism in the United States at that time, the American economist arrived at the conclusion that with total freedom a harmony of individual interests is instituted, and that the same causes increase the revenue of the capitalist and the wage of the workman.

According to Carey, as labour is improved in quality, so it becomes more productive: capital is accumulated with less labour, and the capitalist may demand less profit for the aid rendered.

"With every improvement of the quality of labour, the amount of goods to be divided increases. This increasing production is accompanied by the possibility of the workman being able to retain a greater part of the wares. Thus he continuously improves his position."

Although the part of the capitalist, with the increase of the productiveness of labour, constantly decreases, yet these parts produce a constantly increasing number of productions, and permit the increase of consumption. As the facility for making money increases, the percentage constantly decreases, but the number of productions received by the owner in return for the use of the given capital continuously increases. The number of productions exchanged rapidly increases, and the tradesman finds it possible to receive a continuously increasing trade profit at a continuously decreasing percentage on the sum passing

through his hands. For this reason both the capitalist and the labourer are gradually enabled to receive more and more articles of comfort and luxury in exchange for their produce.

Thus the interests of the workman and capitalist are harmonised, because both of them derive advantages from every measure which inclines to the increase of capital and the productiveness of labour, all leading to opposite results being disadvantageous for both.

These are the chief deductions of Carey concerning the chief economical relations in every country.

"The idyll pictured by him," says N. Bunge,[1] "reflects the patriarchal times of the transatlantic republic, when the struggle of interests was yet feebly displayed; but the study of history ought to bring Carey to the conclusion that the harmony of interests as something necessary and inevitable does not exist, and that this harmony is developed by civilisation, and appears only as a possibility, being under conditions of moral authority or forcible control of the supreme power there, where moral power is insufficient."

N. Bunge's opinion of Carey's doctrine is quite just as regards the internal life of a contemporary government. But the American savant fearlessly spread his theories and opinion of natural harmony of economical interests to those phenomena which are observed in the life of the universe. The final deductions of Carey are much more important and fruitful than the bases of his theories.

The great society which forms the universe is, according to his opinion, managed by the same laws as are small ones consisting of a hundred persons separated from the remaining world and depending on themselves for satisfaction of their necessities. Should sickness deprive the society of the services of the shoemaker or tailor, every member feels the loss in the increased amount of labour necessary for providing himself with shoes or clothes. The decreased produce of one is accompanied by the decrease of the remuneration

[1] *A Sketch of Political-economical Literature*, p. 310.

for the work received by all the others. It is the same all the world over. If the Germans could not sell their grain, they would be unable to buy cotton and tobacco. Should war prevent the cultivation of these articles, the nation of the United States would feel its consequences in the decrease of the possibility of acquiring other wares in exchange for its produce. The insufficiency of harvest abroad leads to the increase of prices in the country and to the ephemeral increase of welfare; but the consequence of this increase of prices consists both in the decrease of the workman's possibility of acquiring wheat in exchange for his produce, and in the decrease of demand of labour from foreigners, who desist from buying other articles than those to which they are accustomed.

The decreased produce in any country leads to the decrease of the amount of goods purchased by the workmen in every other part of the world; whereas the increasing produce in one part leads to the increase of acquisition in the other. *And only the interests of all and every one cause us to wish for the domination of general peace, the accumulation of capital, and the increase of the productiveness of labour.*

The sole competition between nations should consist in efforts to attain the speediest successes in those peaceful arts which aid the increase of comforts and joys of the entire human race.[1]

We have no need to discuss what Carey has done for economical science, and how far he is right in the effort to harmonise the interests of work and capital. His deductions were founded on observations of facts impossible in Europe. He saw how waves of emigration flowed to the rich and virgin country, where a liberty-loving, brave and sensible race found paths which had been constructed by their brothers in blood, language and religion. Emigrants appeared from beyond the ocean, and enriched the new native land both by their labours and by the savings imported. Every new labourer was a wished-for comrade.

[1] *Ibid.*, pp. 299, 300, 306.

Human stagnation had not yet created a feeling inimical to newcomers.

Although Carey depicted an idyll strange to European opinions (and then even to American opinions); although later he renounced his principal theories (in the work, *Principles of Social Science*, 1858–1869), nevertheless, his ideas of natural harmony of national interests have their full importance. There are many examples of true deductions from untrue premises.

The importance of Carey's doctrine consists in its influence on contemporary savants and statesmen. The system, based on facts unknown to Adam Smith and Malthus, on phenomena which overthrew the deductions of Richard regarding rents, was terminated by the same deductions in respect to the advantage of labour-union of nations. The principles of free-trade had to correspond equally with practical wisdom of life and the dialectic of the abstract thinker. Entirely different paths lead to the same place. The nation which advanced step by step in primitive forests also needed free exchange and peace with near and distant kingdoms, precisely as did the weavers of London and Liverpool.

On the European continent the ideas of Carey and the victory of Cobden inspired the talented French economist. The idea of free-trade won in the person of Bastiat, a fiery and firm defender, who was the first to declare that the freedom of international exchange ought to enjoy the same guarantees as all the forms of individual property, and should be subjected only to analogical limitations.

The peculiarity of Bastiat's arguments against the protective system consists in the intentional avoidance of figures. He considers it degrading to descend to statistical calculations and information, asserting that the ideas for which he was struggling ought to conquer by force of absolute justice. Free-trade, according to his opinion, is a principle suitable for all times and all nations.

England and France should as joyfully enter upon mutual exchange as a traveller in distant lands is wont to do when he encounters a band of peaceful inhabitants. The encouragement of national labour, the identification of labour with capital, is an absurdity, supported by the minority, which ruins the nation and undermines the forces of the State.

Attacking the monopolists in a series of witty pamphlets and lectures, Bastiat tried to convince the readers and hearers that free-trade is based on firm principles. He proved:—

(1) That to equalise the conditions of labour meant the undermining of the bases of exchange.

(2) That it is impossible to consider true the supposition that labour in one country risks being crushed by the competition of other countries more favourable for industry.

(3) That even in case of this happening, protective duties would not balance the conditions of labour.

(4) That freedom of trade causes the very influence which is so greatly needed.

(5) That the countries least liberally endowed derive most advantage from exchange.

The argument by which these theories are supported is based on well-known facts, and is remarkable for its inspiring language, and for its belief in the greatness and value of the idea of free exchange. Statistical data are purposely avoided.

Bastiat had reasons for avoiding statistical figures. He wished to be something like a national tribune; he spoke to the reason and the conscience of all serious-minded persons, and debated premises which needed no verification or inquiry. His audience was not limited to France. He did not doubt that free-trade was good for every nation in all parts of the world.

"One of the principles of truth," he said, "is its universality."

The liberty of trade is based on an idea so sound that what its supporters say of it in one State may be said in another without insult to sense. Free-traders of all countries profess the same creed.

Is it possible to say the same about protection? Bastiat points out the helpless position in which protectionists will be placed, compelled as they are to beg Englishmen not to permit the import of farm-produce from France, and to advise the Spaniards to impose oppressive duties on French manufactured goods. What will be the position of these orators when they return to their native Lisle or Rouen?

Undoubtedly the protectionist societies of different countries are antagonistic to each other, although they bear the same name and propagate the same doctrines; and, wonderful to relate, if they do regard anything in another land with sympathy, it is the societies of free trade. The cause is plain. They desire two entirely opposite occurrences: prohibition and sale. The substance of this strange doctrine is to give and not to receive, to sell and not buy, to export and not import. It obliges them logically to have two tongues—not only different, but opposed one to the other, one for the native land, the other for foreign countries, with this remarkable quality, that when their advice is accepted by both countries, neither of them achieves the end in view.

To explain the shortsightedness of those aiming at a positive balance, "with a surplus to the credit of the country," Bastiat, allowing himself an exception, renounced his usual disregard of figured data and inserted statistics from the books of shipping agents and custom-house reports.

A Havre firm sent 200,000 francs worth of Paris articles to the United States; the freight amounted to 20,000 francs, the duty to 60,000 francs. The cargo was sold for 320,000 francs. The total sum realised was spent in purchasing cotton in New Orleans, which was loaded into the same vessel and sold at Havre for 422,400 francs. The result of

the operation for the trader was a profit of 110,400 francs. What was entered in the custom-house reports? An export of 200,000, an import of 352,000, showing a sum of 152,000 by which France had become, according to the protectionists, poorer—a sum which they declared to be deducted from the national savings. Some time later the same firm sent a new cargo valued at 200,000 francs. The steamer was lost with the entire cargo. A loss of 200,000 was entered in their books. In the custom-house reports a similar figure was entered under the heading of "goods exported." "According to the theory of a trade balance," says Bastiat, "France possesses very simple methods of doubling her wealth. It is sufficient to pass the goods out of the custom-house and drop them overboard or sink the vessel. Then the export will be equal to the sum of corresponding capital; the import will become unimportant, and even impossible, and we shall gain all that is swallowed up by the ocean." [1]

Such a fiery defender of freedom of trade would naturally, following the examples of Cobden and Carey, consider it the best and surest path to general peace. The chief support of protectionism, namely, the independence of national industry during war, served Bastiat as a new argument. The question of the monopolists,—What shall we do in case of war, if we are dependent on England for iron and coal?—Bastiat met with another question, What will become of Great Britain in times of war, if it is dependent on France for food supplies? "You do not observe," he went on, "that the kind of dependence which is the consequence of exchange or trade relations is a mutual dependence. We cannot be dependent on foreigners, unless foreigners are dependent upon us. This is the substance of socialism. To rupture natural relations means to arrive at a condition not of independence, but at a state of isolation.

"And observe this, they isolate themselves, expecting

[1] *Sophismes Économiques*, vol. I., pp. 80, 81.

war; but the fact of isolation is the commencement of war. It appears less burdensome, and because of this more popular. Let nations give each other a constant market for disposal; let the rupture of their relations be impossible without double suffering from want and from excess of produce; then they will not need to maintain terrible fleets, which ruin them, and enormous armies, which oppress them. Peace will not be violated at the whim of any Thiers or Palmerston, and war will disappear because of the absence of support, resources, causes, pretexts, and national sympathies."[1]

"The freedom of industry, free intercourse of nations, free exchange of wares, people and ideas, the freedom of every one to make use of the fruits of his labour, the equality of all in the eyes of the law, the extermination of national enmity, peace between Governments, the insurance of the mutual solidity, the possibility and ease of all economical reforms, thanks to peace, the suspension of the dangerous directorship of diplomacy, the junction of ideas and consequently the increasing domination of democratic ideas—these inspire our native land, these are understood by the term "Free Trade," and we should not be surprised because its proclamation evokes so many hostile criticisms. Such was the fate of free investigation and all forms of freedom, from which it arises."[2]

"We are deeply convinced that free-trade leads to the agreement of interests and to peace between nations, and, of course, we consider this consequence indirectly and socially a thousand times more important than the direct and pure economical consequence.

"Free exchange is confirmed peace between nations; is disarmament; is the crushing of rude force; is the revision, easing, and just distribution of government taxes; is for all nations the commencement of a new era."[3]

[1] *Sophismes Économiques*, vol. I., pp. 145, 146.
[2] *Le Libre Échange*, p. 67. [3] *Ibid.* p. 195.

The talents of Bastiat gave him a rapid success and wide European popularity. As an economist, he had two evident aims: first, to crush the protectionists and monopolists; secondly, to struggle with the agitation of socialists, collectivists and communists.

The arguments with which Bastiat defended individualism and property belong not to him, but to the transatlantic student, Carey. When this fact became known to later readers and thinkers, it minimised those labours of Bastiat which had in view the defence of the existing economical relations. Quite the opposite may be said regarding his struggle with the protectionists. The names of his opponents are forgotten by all. On the contrary, Bastiat has remained, both for friends and enemies of free-trade, a remarkable economist. Certain of his arguments against protective duties are repeated by Leroy-Beaulieu and are cited by Henry George. French free-traders should consider Bastiat as their forefather. The defence of the freedom of trade gave Bastiat success during his lifetime and glory after his death.

But notwithstanding the sorry condition in which free-trade agitation was in the years between 1840 and 1850, on the European continent, the radical internal contradiction of its theories proved most fatal.

Proving the harm of protective tariffs, Bastiat stubbornly defended fiscal tariffs. In the preface to *Sophismes Économiques* he refutes the charge that he and his league desired to abolish the custom-houses.

"Napoleon said that the custom-house ought not to be a fiscal instrument, but a means for the protection of industry. We affirm the contrary, and say that the custom-house should not be a means of preying on the labourers, but should be exactly what Napoleon declared it should not be. How far I am from wishing to abolish custom-houses may be judged from the fact that in them I see an anchor of safety for our finances."

Further, Bastiat proposed to institute import taxes:—

For articles of chief necessity . .	5 per cent.
For useful articles	10 „
For articles of luxury	20 „

Such opinions destroy Bastiat's system. His ideas are valuable only for those who can forget his project for a tariff. In a preceding passage we saw how oppressive tariffs *ad valorem* are under any conditions. A duty of from 10 to 20 per cent. on the price of manufactured goods seems small only to the most rapacious monopolists of our days.

One of the opponents of Bastiat, the leader of the extremists, Considerant, in 1840 issued an essay on the damage effected by custom-houses, which were called by him "anti-sociaux, impolitiques, ruineux, vexatoires." Seven years later, on December 25th, 1847, his organ, *Democratie Pacifique*, contained a letter addressed, "À Monsieur Bastiat, rédacteur en chef du *Libre Échange*."

"There exist," said Considerant in this letter, "three questions: the question of patronage (of national industry), the question of custom-houses, and the question of free exchange."

Later, Considerant puts forward the following theses:—

1. It is necessary to patronise those numerous native kinds of produce which foreign competition prevents being stable.

2. The custom-house system, by which in our days patronage is evinced, should be acknowledged to be barbarous.

3. On the other hand, it is necessary to invent a better system, in which there should be actual and direct patronage of producers who deserve support, and no trace of a plan for limiting the import of foreign goods by means of custom-houses."

"You do not desire," said the leader of the extremists, addressing himself to Bastiat, "you do not desire patronage, and at the same time you do not revolt against the custom-house system. You agree to custom-houses; you only desire them to act as a fiscal instrument, limiting their impost to 20 per cent., but not as a means of pro-

tection. We desire protection; but we only desire that it should not be expressed by custom-houses.

Until the system of direct protection has commenced, we agree to custom-houses in view of the protection of their influence. But as soon as direct patronage is commenced on a sufficient scale, we shall unconditionally demand the abolition of custom-houses, which you desire to retain."

Bastiat answered immediately. Against the abolition of custom-houses and direct subsidies of industry he arranged the following arguments:—

"The abolition of custom-house taxes means the reduction of the revenue (for 1848) by 180 millions. To evade a deficit, it will then be necessary either to reduce expenses or invent other taxes. If the reduction of expenses is possible, then, instead of abolishing customs, would it not be useful to abolish other taxes which are still more oppressive? Should it be impossible to reduce the expenses, then the tariff will be replaced by other taxation. In both cases I consider that customs are preferable to other methods of taxation. Besides this, new sources of revenue would be necessary to cover the expenses of direct patronage; but the Exchequer would be drained by the abolition of custom-houses. Further, what industries would be patronised? Certainly only such as without this patronage would result in losses. Consequently, the result would be an artificial industry without room for independent development, supported at the cost of healthy industries. The revenues from taxes would be spent on enfeebled, rickety or parasitical industries. I must remind M. Considerant that some little time ago I acknowledged that direct patronage is, in certain respects, more satisfactory than protectional and patronising duties."

"It appears to me," he said in *Sophismes Économiques*, "that protection, without any marked alteration of the substance and consequences, might take the form of a direct tax, levied by the government and distributed (in the form of a premium of compensation) to privileged industries."

"I sincerely advise the second system (direct patronage). It appears to me to be more just, more economical, and more legal. More just, because if society wishes to be generous to any of its members, it is necessary that all should take part in the expenses; more economical, because we shall evade many of the expenses of levying taxes, and many obstacles will disappear; more legal, because all will plainly see what the enterprise costs, and what course is to be followed."

When the Corn Laws were repealed, and the famous league had dispersed, Cobden was asked why he had deserted the field of battle at a time when so much still remained to be done, and when it was necessary to attain the repeal of a series of taxes. He answered, "The landlords will do that."

During the twenty-five years which succeeded the victory of the league, customs were gradually reduced and repealed, and, in connection with them, the excise and indirect duties. In January, 1852, that famous meeting of Parliament was held at which it was decided to accept as a base "the support and development of the policy of unlimited competition." In 1853, "The National Association for the Protection of Industry and Capital" was dispersed for ever. The victory of the free-traders was triumphantly acknowledged. In the same year Gladstone took the management of finances into his own hands. The excise on glass, coke, salt, silk stuffs, print, candles, tiles, stone ware, starch, coloured paper, bricks, etc., was abolished, and all export duties disappeared. Gladstone began with a proposal to abolish the tax on soap, which produced a great income. But still the tariff remained very extensive, though Gladstone removed the tax from 123 and reduced the duties on 146 articles.

The Crimean war and the retirement of Gladstone suspended the reforms of custom-house tariffs. The war expenses served as a pretext for increasing the duties on tea, coffee, sugar, and malt.

After the conclusion of peace, an inclination toward free-trade was again observed. In 1860 a trade treaty was made with France. This was the famous Cobden treaty, which averted a war that was ready to break out, as we have previously remarked. In 1840 the British custom-house tariff had 1,046 clauses; before the treaty, 397; the treaty reduced the number to 142. According to the opinions of Yanjoul and many others, this simplified tariff of 142 clauses is a great event in the history of free-trade.[1]

After several months were past, the landlords wished to disappoint Gladstone's expectations by displaying opposition, unsuccessfully, to the repeal of excise on coloured paper. Finally this tax on knowledge was abolished. In 1882, the tariff, owing to which, according to the prophecies of the protectionists, England would be ruined, consisted of over forty clauses. The articles taxed with a high duty were—beer, wine, spirits, tobacco, tea, and coffee. The custom-house and excise revenues were:—

In 1846	In 1866	In 1880
£36,339,150	£42,921,117	£44,626,000

In 1894 the figures increased to £50,670,000, and the following were the chief articles remaining taxed: tobacco, spirits, tea, wine, currants, grapes, coffee, chicory, cocoa, and fruits.

During 1860–1870, the agitation for free-trade was conducted on purely economical grounds. Most characteristic were the changes made under the influence of Cobden's treaty with Belgium, which was signed in 1862. The protectionists, lately a strong party in this youthful kingdom, were pushed aside. When, in 1865, Cobden died, the Belgians desired to be not behind England in honouring him. In Brussels news was received that, according to Bright's idea, the Cobden Club was being formed in London, using for its motto, "Free Trade, Peace, Goodwill among Nations."

[1] Yanjoul's *Free Trade of England*, p. 393.

A great meeting was held at Verviers on the 29th of January, 1866, to decide upon the erection of a bust of the great agitator. In the sphere of trade policy it was decided to go further than the English. An international association was formed for the abolition of custom-houses (*Association Internationale pour l'Abolition des Douanes*), the first meeting of which was held at Brussels on October 20th of the same year. Molinari inscribed himself as a member, and took part in the debates.

In 1866 the customs and excises gave the Belgian Exchequer 52,000,000 francs. The expenses of collecting these amounted to 6,500,000 francs. Fifteen millions were paid to communities and cities for the abolition of interior custom-houses, under the law of July 18, 1860.

One of the orators proposed instituting a Government monopoly on all transports. This suggestion seemed sheer heresy in the flourishing times of railway concessions. Molinari said that the substitution of customs and excise to a government monopoly on transport was similar to a change from cholera to typhus fever.

Having overthrown the supporters of mutuality by statements identical with those which created the fame of Bastiat, Molinari proposed that the Belgian economists should be content with passing a measure to simplify the tariffs and abolish all frontier taxes, excepting excises, as England had done. Then the revenue would be reduced by only ten millions, which it would be easy to recover. The excise arrangements on the borders, according to the opinion of Molinari, might be abolished by kingdoms, as soon as they had by treaties agreed to levy equal taxes.

After a debate lasting for two days, the meeting adopted the plan suggested, saying that this was done :—

"In view of the firm and repeated desires of the Assembly for the immediate reduction, and, after that, for the abolition of customs and excise taxes."

"In view of the resolution of the Chief Committee of Industry and Commerce, which advises that measures should

be sought of a nature to make other taxes for customs and excise duties unnecessary."

"In consideration of the fact that these taxes are inconvenient and injurious for the produce of labour, the exchange of wares, and the general good of the State."

"In consideration of the fact that the gradual reduction and final abolition of these taxes will undoubtedly cause innumerable successes of agriculture, industry and trade, and important improvements in the welfare of all classes."

"In acknowledgment of the fact that the custom-house reform may be realised without causing any loss to the financial condition of Belgium."

In conclusion, this statement was made:—

"The International Association for the Abolition of Customs declares that it is very important for Belgium to solve immediately the question of repealing custom-house and excise taxes, and, furthermore, to repeal immediately all protective taxes, so as to make the custom-house tariff entirely fiscal."

Thirty years have passed since the day when such a decisive resolution was passed.

Belgium denounced foreign patronage and repealed Government taxes, and has not renewed them. The fiscal excise custom-house tariff remained in force, and is very similar to the English practice. The Belgian manufacturer was not much frightened by competition, but the Belgian population was in great need of free import of articles of food in exchange for the produce of its manufacture. This is the reason why the conditional free-trade does not cause dangerous protests.

Actual freedom of trade, total abolition of custom-houses, free borders, have remained a dream. The exclusively economical and narrow national character of the inclination doomed the movement to failure. The dispute concerned only the convenience of levying customs, or the advantages of income-tax as compared with indirect taxes.

Though they honoured the memory of Cobden, the Bel-

gians were far from accepting in their entirety the wide views of this remarkable man. They had not, as Cobden had, formidable opponents, whose objections were based upon the ancient strength of the landed oligarchy; but, nevertheless, the strength of their opponents proved sufficient to stunt great ideas, and to prevent them from exercising a beneficial activity. No one mentioned the political, international, universal importance of a free border. Thus, finally, several practical ideas proved sufficient to bring it to pass that the custom-houses, with so-called fiscal tariffs, were preserved. The unenergetic administration preferred taxation, because it served as a good mask for fiscal greed. The matter would have resulted quite differently if the leaders of the movement had set national egotism on a wider footing. For small Belgium, wealthy but not defended by any natural borders, a free border would be a surer condition of safety than her army, fortresses, and even the guarantees of the great powers.

The German thinker, Dühring, who equally hated the school of Manchester and the socialists, who considered the theory of Rickardo fruitless, the works of J. B. Sey unimportant, the doctrine of Carl Marks dishonest, proposed a system which would reconcile the local primitiveness with universal intercourse and free universal interchange of services and produce.

Notwithstanding all his mistakes, absurdities, excessive self-assurance, excessive bitterness toward opponents, it is an undoubted fact that Dühring stands out from the crowd, owing to his mass of information, his independence of mind and strength of ideas, his sincerity and honesty of reasoning, and his bold and unyielding methods. While pitying the condition of the poor classes, Dühring did not hide their vices, but fearlessly pointed them out. Asserting that Bismarck, by his law against socialists, deprived the nation for twelve years of light and air, Dühring said that this law in reality was advantageous for socialist agitators,

whose doctrine (it was called scientific socialism) would be properly placed and understood if thinkers agreed that its chief principles belonged to scientific roguery. "Certainly," he remarked, the study of this subject is not a very clean occupation; it causes a feeling of disgust, such as the handling of reptiles causes.[1]

At the same time Dühring contemptuously refuted the Manchester optimists.

"The aims reached by the distribution and systematising of labour may be reached otherwise, without having recourse to the production of special despotism."

Dühring regards the doctrines of free-traders and protectionists with the same independence. Two years after the conquest of France, Dühring pointed out what were the strongest incentives to peace and war.

"Armings of nations for the defence of their safety and the destruction of obstacles which are created by other nations clearly display the edge of enmity and dissent between them, whereas international trade and cosmopolitic division of labour influence the increased avoidance of martial interference." Remarking, further, that armed struggle and the competition of rude force can produce only the peace of cemeteries, Dühring acknowledges that the chief guarantee of universal peace is the peaceful inclination of all countries. For the civilised historical development of such a tendency, which depends on good will, and not only on civilisation, international mutuality is necessary."[2]

Moreover, the German thinker discussed patronage in a trenchant manner.

"The reasons why institutions of limitation were formed should not be confused with those aims which were afterwards invented for them. The inspiration to avoid foreign produces might certainly be based on fiscal greed, or on the narrow interest of the enterprises of the kingdom.

[1] Dühring's *Course of National and Social Economy* (p. 16 of the conclusion). [2] *Ibid.*, part 5, chap. ii. p. 12.

Independently of this, the chief part was played by social egotism, and the commercial envy of nations based upon it.

If envy is accompanied by a false comprehension of interests, it is directed into false courses, and the protective system, which acts by prohibiting import, reducing export, issuing export premiums and similar measures, should undoubtedly be pronounced very short-sighted from the point of view of national competition."

Dühring finds that such an egoistic system is similar to the guilds of the Middle Ages, which were always unjust and useless. He says that lack of development and blind faith were in past days the chief causes of the establishment of such institutions, to which we naturally look only for the actions of sinister powers, directed by individual interests and the degree of their influence at the particular moment. It is remarkable that an agitation directed towards the protection of manufacturers generally appears only after an industry has reached a certain development. Meanwhile, owing to its actual aim, protection or support, it seems, are most necessary for any industry which is in an infantine state; but here the true question is not at all the theoretical aim, but the power, possessed by interests, for which the protection is organised.

In general, Dühring considered that egoistic interests have a decisive influence on contemporary freedom of trade. "We see that the same egotism which first appears as an important quality in a protectionist, under altered circumstances appears in the free-trader. We should not confuse the doctrine of mutual freedom and equality of economical relations with that freedom of trade which is preached by individual interests. This doctrine stands high, not only above the desires of protective politics, but above the freedom of trade of the English type."

Though regarding the current theories of protection and free-trade so disapprovingly, Dühring agrees that the national political economy of civilised nations must inevitably be raised from rude agriculture to the capable

manufacture of many and various articles, and that separate private enterprises cannot struggle against the powerful competition of foreign produce. But in what manner should Government aid be shown?

The direct methods—teaching, proper organisation and support—would in any case be more advantageous than the slow and false course of custom-house protection, because this plan, as Dühring points out, is of little success, and is entirely untrustworthy. It is not known by what time the protected industries will reach a state in which it will be possible for them to withstand competition or compete with foreigners. And even when such a degree of development is attained, will they in future be able to keep prices equal to those ruling in the general market?

Dühring evidently examined direct protection more closely than Considerant and Bastiat, whose opinions we have already given. It is a pity that Dühring was satisfied by only reminding us that teaching and good organisation would prove excellent incentives to native industry, instead of going on to discuss the principles of direct protection, and to suggest a definite system.

The statement that customs cause the increase of wages, Dühring considers to be the dishonest invention of American plutocracy. He admits the limitation of immigration and emigration only from political, and not economical, motives, adding that in all such measures purely external and formal justice is missing.

Having thrown a ray of light on the damaging and dangerous obstacles which divide humanity into striving groups, Dühring left to the future investigator the study of the economical arrangements by which the universal union should be accompanied, and which should be strengthened by consecutive and co-ordinated influences coming from the government and acting on the conditions of national labour.

CHAPTER VII

Free-Trade and the Labour Question at the end of the 19th Century.

IN 1886 a new defender of free-trade made his appearance. The labouring classes acknowledged him to be their proper champion. This was Henry George, the author of *Progress and Poverty*. He had a great reputation as an economist, and by his works had excited much enthusiasm and as much hatred, when in 1886 he issued his second large work, devoted to international exchange.

The full title of the book is, *Protectionism or Free Trade: a Research on the question of Tariffs, from the point of view of the Interests of the labouring Classes.*

This work, though comparatively less noticed, has more important consequences than *Progress and Poverty*.

Henry George's work on international exchange is free from all the defects which are displayed in *Progress and Poverty*. The questions are put more concretely and more plainly, and do not depend on one or another opinion as to the rights of proprietorship.

The investigation of the question from the point of view of the interests of the labouring classes gives the later work of Henry George an important place among researches of this class.

Having risen from the labouring classes, and having proved a warm devotion to the wants of the poorest among the poor, Henry George cannot be suspected of an inclination to defend middle-class society. He did not defend capitalists. As an American he had the chance to observe

at close quarters the fruits of protective customs. He possesses abnormal erudition and a rare capacity for analysis. He is not wedded to any particular doctrine, and is ready to borrow sensible principles from any economist, whether Bastiat or Mill, or from such socialists as Sismondi or Rickardo. Better than any one else, he is capable of distinguishing the accumulation of national wealth from the increase of welfare of the population. His book on free-trade was written in 1886. All the long series of prohibitions, tariffs, treaties; all the consequences of prohibitive and liberal taxes; all the large literature of both inclinations were his materials.

"Protectionism reigns everywhere," says George. Of all great nations, England alone, forty years ago, passed to a system of free-trade. On the contrary, British colonies immediately protected themselves by tariffs, after acquiring home-rule. It is unnecessary to mention other nations. Free-traders should not deceive themselves. Everywhere facts refute their doctrine. Even in England, ancient monopoly has, during the latter years, lifted up its head.

We should not forget that certain false ideas, long since passed out of sight, had a similar popularity. Great individual interests serve as a firm base for monopoly. Besides, protectionism always found natural allies in national hatred and in those prejudices which sometimes were the cause and sometimes the consequence of wars.

During the first half of the nineteenth century the American protectionists, to confirm their theories, pointed to Great Britain's system of tariffs. Since 1846 these tactics have altered. They try to make use of national enmity, saying that protectionism is an American and free-trade an English system.

In 1886 use was made of the hatred of Irish emigrants for everything connected with the name of England. "We invite Irishmen residing in America to oppose the introduction to the United States of the theory of free-trade, a theory which has already been employed with such

success as a means for ruining Irish industry, and for the oppression of Ireland."

This strange argument is equally applicable to the English language, which is spoken in America, and to the steam engine, also an English invention.

Generally speaking, the arguments of the protectionists remind us of the famous hyperbole of Macaulay, that if the law of gravitation infringed any person's interest, numerous arguments would be produced against it.

The current arguments of the protectionists suffer by violating the fundamental rules of logic, and are based on that form of mistakes which is expressed by the formula: *Post hoc, ergo propter hoc.* Wages are higher in the United States than in England; the United States are protected by a customs-tax; England has repealed this tax. The deduction is: protective duties lead to an increase of wages. On such grounds it is possible to affirm that the cause of the higher American wage is the decimal monetary system, or the republican form of government. The amateurishness of such dialectics should be evident to every unprejudiced observer. If we were to refuse to separate the progress and the institutions of the country, we should be compelled to proclaim the benefits of slavery, bigamy, oligarchy, theocracy, and, in the later days, State debts and pauperism.

Reasoning illogically, catching at every apparently suitable argument, protectionists at the same time retire before the evident deductions of their own theses.

If the tariffs are necessary for one country, they are necessary for the other. Consequently the general triumph of prohibitive taxes should be considered beneficent for mankind. Meanwhile the protectionists, desiring high duties at home, do not regard such taxes in a neighbouring land with favour. National calamities should evidently correspond with the causes of welfare. The States of the Pacific Ocean ought to consider the destructive actions of the Southern cruisers during the civil war a blessing, be-

cause the youthful industry of California was freed from the energetic competition of the industrial centres of the East. (At that time the Pacific Railway did not exist, and the communication between the coasts of the States was carried on by steamers.) On the contrary, more calamities were threatened by separation. The American Union would perish, being a too great and a too densely populated territory, devoid of interior custom-houses. And should at any time universal federation be possible, mankind would perish if deprived of such necessary tariff lines.

"Religion and facts equally teach us that the happiness of every being should correspond with the happiness of all; that the actual interests of persons are not antagonistic to each other, and that welfare is the child of good consent and peace, and that hatred and war lead only to poverty and destruction. On the contrary, the doctrine of protectionism teaches that a conflict always exists between the interests of nations; that one nation gains what others lose; that each of them should make all possible efforts to acquire the lot of others, and prevent all others from acting in a similar manner towards them. This doctrine converts nations into enemies, instead of causing them to collaborate, and leads to war in the form of limitations, prohibitions, pursuit, confiscations, which only in substance, but not in spirit, are different from the war which sinks vessels and burns towns."

Can we picture to ourselves nations which forsake the sword for the plough and spears for the sickle introducing war-duties at the same time?

The dissensions of contemporary free-traders and protectionists regard only protective duties. Both parties dispute very little over the method of levying the frontier taxes, which are called fiscal tariffs and represent excise duty for the greater part. This agreement on the part of free-traders to allow tariffs and excises is lamentable. The superiority of fiscal tariffs over protective duties is very doubtful.

The expenses of levying are very heavy; the losses and injury are increased by a series of oppressive rules and limitations.

To introduce an indirect tax on tobacco and cigars, the French government and certain other countries went as far as total monopoly.

In Great Britain tobacco culture is totally prohibited; for this reason Ireland suffers special losses, as there is much land there which is adaptable for tobacco plantations.

In the United States, at a heavy expense, an inquisitorial system has been instituted so as to discover every pound of tobacco, imported or native; and because of this system, government officials meddle with private commercial business. The salt tax in India causes an infinity of sufferings, and is inseparable from severe punishments. Finally, in all countries where indirect taxes on spirits exist, a highly complicated system of observation and prevention arises.

All sources of government revenues of this kind may be characterised by the fact that the nation pays much more than the government receives. But, though paying much, the payers are said to be less oppressed, as frontier taxation entails heavy costs. The meaning of this is obscure. The hen is plucked without pain. If at the doors of all shops there were placed collectors, levying 25 per cent. of the price of each purchase, such a clamour would ensue as would quickly put an end to such a method of collecting revenue. Meanwhile, in the form of taxes, 50 and even 100 per cent. may be levied as *ad valorem* duty, without risk of exciting sharp discontent and dangerous protests.

The advantages are enticing, and, as we have observed, are not to be resisted by rulers of the South American republics. For European kingdoms and the United States the hidden form of tax ought to seem less enticing.

Passing from the fiscal tariff to the protectional, it is im-

possible not to observe the existence of antagonism between them. Although the same duty may give both a revenue to the Government and a certain advantage to native produce, nevertheless, one quality hinders the other. The profitableness reduces the total of protection; the aim of the protectionists is not reached if taxed goods continue to be imported, enriching the fiscal exchequer. On the other hand, financial calculations are vitiated if they are based on very high, almost prohibitive, or entirely prohibitive duties.

Admitting that the aim of encouraging native industry should exist, a question arises as to whether custom-houses give a good means of attaining this aim. Do there not exist other better and more advantageous methods and courses? Duties are an indirect encouragement. Instead of employing these, we might arrive at the same results by a straight path, paying the manufacturers a premium.

Comparing the two methods, it is impossible not to observe the many advantages presented by a system of premiums.

The whole plan of protection becomes simpler. Those branches of industry may be encouraged which are acknowledged to be worthy.

The sacrifices made by the country to support the whole system, and in favour of each branch of industry in particular, would be clearly defined. If the premium and subsidy should be paid, they would be no larger than each case demanded, and would be distributed for only a short term, or, at any rate, not for an endless number of years, as if they were custom-house charges. The system of premiums and subsidies would certainly produce much cheating, roguery and injustice, but far less than results from the system of customs, in which there is little that is clear and understandable.

The expenses incurred by direct encouragement would be distributed much more equally over all taxpayers. Contradictions would be avoided which are displayed in every

complicated tariff, whose consequences no human genius is capable of tracking. In no country have the protectionists as yet stated that one or other custom-house tax is not needed. The demands of the protectionists in America have not slackened during the last forty years. Their promises to the effect that customs are only a temporary measure are badly fulfilled. The hopes of eventually establishing a more or less stable tariff are still less realised. It is evident *a priori*, and is proved by facts, that there never existed, and never will be compiled, such a tariff as would correspond with the real meaning of the system of protection.

How are we to solve the problem? The result of taxation of one class of goods,—that is, the elevation of its price,—may be neutralised by the taxation of others. A mass of manufactured and half-raw produce forms raw materials for certain industries and finished articles for others.

For one or another branch of industry the amount of duty may prove insufficient, or with a slightly increased duty its beneficent consequences may be undermined. This is the reason why American protectionists, having dictated, after great efforts and endless debates, a tariff, immediately themselves acknowledged that it was full of absurd mistakes. One example illustrates this condition.

In accordance with the tariff introduced in the States in July, 1883, the duty was raised from 35 to 125 per cent. on stuffs used for the manufacture of ruchings and cuffs, the 35 per cent. duty remaining for finished articles. In a report presented to the State Chancellor of the Exchequer, the manufacturers stated that, till this change was made, they had been able not only to supply the home market, but yearly to export several hundred thousand dollars' worth of goods to Canada, the East Indies, and other countries.

The economical machine manufacture introduced by them allowed them to compete successfully, notwithstanding the 35 per cent. taxation on raw materials, with the competing European manufacturers. The duty of 125 per

cent. not only entirely destroyed this export trade, but evoked such an import of English goods that thousands of men and women lost their work, and three-quarters of the mill-owners were totally ruined. Certainly nothing of this sort entered into the intentions of Congress.

The manufacture of cuffs was only one of the many industries which were ruined and destroyed. The terrified Congress reconsidered the tariff. If such a difficult affair as the compiling of the tariff were entrusted to some meeting of elected, unselfish, and scientific persons, they would still have to possess supernatural qualities, so as not to be confused by the wailings which are heard from all sides, and by false statements. When agitations and intrigues, threats and requests, attain success, the tariff, when it has become law, is as little like the regular system which was expected by the protectionists, as the frescoes of Raphael are like the smudge of a house-painter.

The efforts of the monopolists to increase the export, and in any case to reduce the import, lead them to extreme contradictions. They are most of all afraid of the country being inundated by cheap wares, and the doctrine of advantageous and injurious balances makes its appearance. If the goods imported to us could be compared to infectious diseases, such a fear would be reasonable. But only what satisfies our necessities and increases the sum of wealth is imported. Import is not advantageous to this or that manufacturer or possibly to tradesmen, but it is always advantageous to the nation.

Imagine all duties without exception to be repealed from imported goods and levied on exported goods. Protectionists would certainly fiercely oppose such a system. But what arguments could they produce? They would possibly speak as follows: "The country does not incur any loss by sending its goods to another land, but on the contrary gains, because it receives in exchange quite different goods of a higher value. Consequently the setting of obstacles in the way of export means the reduc-

tion, and not the increase, of the wealth of the country." This is quite true, but the obstacles to export are consequently injurious by limiting import. But the reduction of import is the aim of protective customs.

When the export in reality exceeds the import—that is, when a certain sum of produce is exported without any equivalent of import,—the balance will be in favour of the country, as is stated; but in reality this is a sign of impoverishment. When ancient Rome collected taxes from the whole of the known world, undoubtedly the export of the subdued nations was immense. When the Germans exacted a contribution of a milliard francs from France, the export of this country immediately increased to an almost incredible extent. Egypt, which pays an interest upon its heavy debt, is obliged to export a mass of goods, receiving nothing in return. Finally, numerous English capitalists possessing large estates in America, but living in the Old World, cannot receive their revenues otherwise than in the form of increased American export, from the increase of which the Americans can gain nothing.

The anxiety for a great export and small import is explained by the inclination to acquire money. Money, up to the present time, has been regarded as the only actual wealth. Mercantile theory, for a long period, reigned without protest. But Adam Smith destroyed it. Up to these days the false opinion of money, and the association of ideas connected with the difficulty of sale and the facilities of purchase, serve as a base for protectionism. The mistake concerning the actual part of money created a belief in the advantage of export and in the loss caused by import—a belief for which in bloody wars innumerable human lives and immense riches have been sacrificed; a belief which, even in our days, serves as the fundamental policy of nearly all civilised nations, and erects artificial obstacles to universal trade.[1]

[1] Since the first mention of his name, we have, up to this point, made a liberal use of Henry George's ideas and deductions.

Another error which is used to strengthen the doctrine of the protectionists consists in a widespread belief that a high tariff can result in an increase in the amount of wages. The duty increases the market price of goods, and increases the profit of the merchants, who consequently can pay the labourer more than in the Old World, where the cheapness of goods exists as a consequence of the poor wage of the labouring masses.

Once the belief that the tariffs preserve the interests of the labourer is rooted, these and all other obstacles to exchange with other nations have an enormous influence on a series of questions of great importance. With the tariff remaining in its present condition, it is evidently impossible to increase the wages; the competition of foreign producers would become more successful. For the same reason it is impossible to reduce the number of working hours.

This argument, which has had too many victims, is refuted by facts, with the non-remembrance of which protectionists like to upbraid free-traders. It is said that tariffs protect us against import from those countries where wages are low. But against which kingdom should the tariffs protect us? Against England? Certainly not; because in England wages of labourers are much higher than in other countries, although lower than in America. Consequently different tariffs are necessary for each particular country against which they are directed. The lowest wages do not prevent the protectionists of France, Germany and other countries from demanding protection against America and England, where wages are so high.

Cheap produce is not the necessary result of small wages. The cheapness of labour impedes the introduction of machinery. Chinese in China and Chinese in the United States work in quite a different manner. High wages alter them. An American carpenter in his work equals six Indian carpenters. Russia, with all its cheap labour, cannot produce cheap grain. The highly paid English work-

man gives his patron the chance of successfully competing with the produce of the Continent. Proofs collected from all parts of the world confirm the truth that equal muscular power produces different results in accordance with the varying elevation of the intellectual qualities—an elevation that mostly depends on those better conditions of life which enable the development of such qualities of human nature as elevate us above the brute. On the contrary, beggarly conditions of life degrade the strongest and most talented. A race of wise pigmies would do more than a race of dull giants.

The belief that low wages mark an advantage for a nation is a hasty deduction from the truism that for every master it is advantageous to procure labourers as cheaply as possible. But the deduction, true for a separate producer, is untrue for national produce. The productiveness of labour is more directly dependent on the welfare and education enjoyed in general by the labouring classes, and also on the customs and habits that are a part of their surroundings. Should any of the manufacturers separately find a working power cheaper than that employed by his competitors, his advantages would be undoubted, as the productiveness of labour remains the same, being defined by the average price paid for it. But generalisation cannot be carried beyond the borders of the kingdom. The fact is that the country, where the average price is lower, loses, because the labour becomes less productive and its results are less fruitful.

The advantage of one country over another may consist in better natural conditions or in more industrious labour. Ordinarily, as a general rule, the country and population are best adapted to some particular branch of industry. In spite of this, there will be established certain industries for which neighbouring or distant nations will be better suited. Hence comes the desire for constant exchange as a matter of mutual advantage. What is manufactured with too much difficulty it is better to purchase from

others. Let us now suppose that one country in all kinds of produce has more advantages than another. Nevertheless, exchange will be carried on. It is impossible to admit that one country will only import, the other only export. In reality, the more developed and wealthier country will import from the neighbours those goods, the advantages in production of which are the least, and in exchange will export such products as, because of their easier manufacture, will earn the greatest profits. The less favoured country will make use of certain advantages distinguishing its luckier and more-developed competitor, which, in its turn, will also profit, having no need to produce goods in regard to which its advantage is less important.

Not an absolute, but a relative, price encourages the idea of exchange. A protectionist, forgetting this, demands that protective duties should be imposed on all goods, the production of which, even in the distant future, may prove cheaper in his country than in foreign manufacturing centres.

The American economist, Horace Greely, points out that the cultivation of tea might be advantageously started in the United States, and that in time it might be more cheaply produced than imported from China. There is no doubt that the Americans could produce tea in the United States at a smaller cost for labour than the Chinese have to expend; but many other industries exist, such as silver mines, refining of mineral oils, manufacture of cloths, watchmaking, in which America is far in advance of China. Thus, leaving the cultivation of tea to the Chinese, and occupying themselves with the above-mentioned industries, the Americans, by means of exchange, receive more tea than could be produced at home.[1]

[1] Henry George supports the famous theory of Rickardo and Torrents with regard to the conditions which determine international exchange. According to the opinion of Rickardo (Torrents claims priority), developed in detail by J. S. Mill, not the absolute but the comparative cost of production is important for international trade. It may be

Tariffs, reducing the import, harm foreign trade, but the injury to the native consumers and producers is still greater.

Foreigners will reduce their trade with us, but they may find other markets, or as profitable occupations. We, having declined an exchange profitable for us, will remain behind tariff-walls, to suffer an absolute loss. The duty on English iron has reduced its import, but the English have filled up their losses by increasing transport operations with all nations, and have crushed their formerly powerful American competitors.

more advantageous to import goods from a distant country where the production, so far from being cheaper, is dearer. Suppose Poland to be superior to England in all branches of manufacture. Is it advantageous for her, and is it possible for England, to exchange goods? It is undoubtedly possible and profitable for both countries, in case of there being differences in Poland's superiority. Let us take two merchandises—linen and grain. As a unit of comparison and payment, we will consider a working-day. Suppose linen to be produced in Poland by 100 days of work, the same quantity of goods of the same quality necessitating 150 days of work in England. Let grain in Poland necessitate 100 days and in England 200. Exchange will commence. It is profitable for Poland to send its grain to England in exchange for linen. Poland loses nothing and England gains, as the grain is procured not at the expense of 200 but of 150 days of work. Should England divide her profits with Poland, both countries will be gainers. The gain of England consists in the profit obtained by the exchange of 50 days of work (200-150). Having ceded half of this profit to Poland, England gives her a profit of 25 working days on the exchange; that is, Poland acquires such a quantity of linen as at home could not be produced by 100 days of work. England saves 25 days, because the grain is purchased not for 200, but for 175 days.

If 10 yards of cloth in England are equal to 15 yards of linen, and in Germany 10 yards of the same cloth are equal to 20 yards of linen, England, sending her cloth to Germany, will receive more linen than would be obtained if she had recourse to foreign exchange. The value of the imported goods will be determined not by the expense of its production on the spot, but by the expense of the production of goods bought in exchange.

N. A. Bunge, while waging a controversy with Mill, finds that the Rickardo-Torrents theory developed by him may prove true only in exceptional cases, as not the amount of labour spent in the production, but the price determined by competition, directs the competition of im-

The famous idea of mutuality is founded on errors of the same kind. The actual harm which is caused to us by foreign powers, by their high customs, consists in the impoverishment of their own subjects, and is not profitable for us. Such examples should never be followed, for a country's wealth should never be directly reduced. Here we see two neighbouring farms. One has grown an excellent crop of potatoes, the other full-weighted grain. The owner of the potatoes, needing good seeds, tries to exchange the produce with his neighbour. But suppose the neighbour

port and export of goods. If in England 10 yards of cloth and 15 yards of linen cost thirty shillings, and in Germany 10 yards of cloth and 20 yards of linen also cost thirty shillings, then linen will be exported from Germany to England; but it will not be profitable to export cloth from England to Germany. For payment, England must find such goods as can be disposed of profitably abroad (in Germany or some other country), or pay in cash for the linen bought from Germany. "According to the hypothesis of Mill" says Mr. Bunge, "goods exported from a certain country can be sold cheaper abroad than at home. This often happens, especially in cases of exchange trade: for instance, such a fact surprised many in the Chinese trade in former days, when the export of corn from Russia was prohibited; but this could hardly happen in the trade of England with Germany. If English cloth were sold on the spot dearer than in Germany, it would be returned to England and sold for cash." We cannot agree with Mr. Bunge. Rickardo's theory remains, and always will remain, true in the form adapted by the far-seeing mind of George. Mr. Bunge's remarks will be groundless if the country suspends that produce in which it has less advantages than other nations, and will turn to others in which the advantage is greater. It is possible that in England agriculture may become more profitable, and that grain will be grown more cheaply than in Russia. But it is more advantageous for England to leave agriculture, and manufacture iron and cotton-prints, because in this respect her advantages in comparison with Russia are much greater than in agriculture. It is undoubtedly true that if she sends her goods under conditions of free-trade to Russia, England will receive more farm produce, and Russia will acquire better sorts of iron and cotton goods cheaper than native produce. The custom-house tariff reduces, and still oftener destroys, such exchange, while free-trade, on the contrary, increases the manifest advantages of universal co-operation, and, because of this, appears to be a natural power which conciliates nations.

does not wish to purchase potatoes? Is this a reason for not buying good seeds? Let us suppose half a dozen individuals to be met together, who by circumstances are separated from the other parts of the world, and are forced to exchange the produce of the labour of one for that of the other. Let us suppose that five of these persons, under the influence of some wicked idea, burn half of what they exchange with the others. Evidently the sixth will suffer from this conduct, because his interests are joined to those of his five neighbours. But would it be wise on his side to say: "As these foolish men have destroyed half of what they give me in exchange, I, with a view to necessary defence, will follow their example, and in my turn will burn half of what I give them in exchange for their goods"?

The American tarift is introduced to protect, encourage, and co-operate with national industry. In reality, a series of industries can be named which suffer from taxes. The duty on wool is very high; the consequence is a loss for many mills, for these cannot work without certain kinds of wool which are not produced in America.

Iron ore is taxed. Because of this fact ironfounders are heavily oppressed, and are obliged to mix American with imported ore. Copper ore is taxed. This impost causes a loss not only for brass-foundries, but for the many other industries for which copper is a necessary material. Salt is protected, so that an unfortunate effect is made which causes a sad influence on the salted beef and salted fish trades, and on many other industries. Timber for building purposes is taxed, notwithstanding loud complaints from all sides and the wholesale destruction of forests.

Coal is protected, although its cheap price is a vital question for a mass of industries. It is wonderful that, notwithstanding all this, praise is still lavished on the protectionism of the American Government. The success of the protectionist propaganda shows how strong is the union of interested persons, and how inclined is the passive

majority to believe any arguments, be they only maintained loudly and constantly enough.

In addition to all this, secret commissions have a great importance, and the whole matter is emphasised by agitations and bribed newspapers. In Congress every tariff-law evokes scenes of competition between different parties, reminding one of what occurs when a cocoanut is thrown into a cage full of monkeys. Every member strives to defeat his adversary by securing a high duty for the industry in which he is most interested.

The hopes of the most eager busybody are not always realised, and enormous expenses are often uselessly incurred. Only a small part of what is paid by the consumers reaches the pockets of the manufacturers.

One fact is true—the absence of foreign competition fatally develops stagnation and negligence; goods remarkable for artificial dearness are remarkable for their inferior qualities.

The more frequently natural wealth is discovered in America, the greater are the duties demanded. Deposits of borax were discovered, close to the surface, in Nevada; the tariff was immediately augmented by a duty on borax. The discovery became not an increase but a loss to national wealth. Borax became dearer.

American industry developed, but the tariff helped its movement forward, as a barrel tied behind a boat aids its forward motion. Industry was established in America not because of, but in spite of, tariffs.

In the natural course of affairs, with free-trade it is possible to expect better things. Up to the present time, notwithstanding heavy import duties in the States, the chief import has been manufactured goods, the export, with few exceptions, consisting of raw materials.[1]

American inventiveness, caused by the high wages,

[1] This reference is to the year 1886, when George's book appeared. In 1894 the conditions were the same. The chief figures of export were: grain (166 million dollars), cattle (30 millions), pork (53 millions).

yielded profits to the inventors and raised European industry. Native industry was the least benefited. Projects, and often drawings, were exported to Europe; the abundant produce, oppressed by prohibitive and protective duties, was taken up by Europe. The constantly renewed prophecies of the protectionist press regarding the speedy triumph of American industry are slow to be fulfilled. The heaviest, plainest, most undoubted loss caused by protective duties is the decline of the mercantile fleet of the States.

At the commencement of the fifth decade the Americans possessed a large number of merchant vessels, the total tonnage being equal to that possessed by England. The American vessels were considered the largest and swiftest. Between 1846 and 1854, by a series of laws, British navigation rules were changed and became quite free. Not only did British subjects acquire the right of purchasing and building their vessels where it pleased them, but even the trade along the coast of England was equally open to Englishmen and foreigners. Threatening prophecies were made. The English fleet was doomed. The Yankees and Swedes would inevitably take possession of the Ocean.

At the time when on one side of the ocean protectionism was abandoned, it was increased on the other side. The results were unexpected. The British fleet increased tenfold, and the American nearly disappeared. American navigation was crushed because it was not possible to build and repair vessels where it was most profitable so to do. It was prophesied that, as soon as the war should be over, stagnation would give place to activity. As a matter of fact, when peace once more ruled, and while the population was steadily increasing, the stagnation became more and more evident. Formerly half the number of vessels built

beef (25 millions), lard (40 millions), timber (27 millions), tobacco (24 millions), hides (20 millions), and copper (20 millions).

The total export of manufactured goods amounted to 56,889,000 dollars in the same year, out of a total export of 869,268,000 dollars; that is, less than 6 per cent.

in the Liverpool docks sailed away under the American flag; now it is necessary to search long for such a vessel. In the bay of San Francisco a forest of English packet-boats is seen, and only a small number of American. At New York five-sixths of the external trade is carried on under foreign flags.[1] In former years the American would cross the Atlantic in no steamer but an American one; now no one dreams of such a thing. The nation in whose veins blood of the Norman sailors flows have lost their freedom on the ocean. Who has caused this mischief? The nation itself.

It is said that high wages have decreased American navigation. It is evidently forgotten that formerly the cost of a workman's day in the Old and New Worlds differed still more. Others state that the substitution of steam-engines for sails was the cause of the decline of the American fleet. It is strange that it was an American steamer which first came from New York to Liverpool. Still, it is difficult to hide the truth. All will become plain if we observe the duties which are levied on all materials and articles necessary for shipbuilding—duties which England, to her great advantage, renounced. Her shipbuilding wharves enjoy everything that can be procured at the cheapest rate and of the best quality in the world. It is different in America. Spanish and African ore, necessary as an alloy for certain sorts of pig-iron, are taxed. The duty on steel has given an opportunity for a gigantic syndicate to be formed to raise the prices. The duty on copper created another syndicate, which sold cheap for export and dear for the interior. All that is necessary for the construction, fitting and finishing of a ship from keel to top-mast is taxed with high duties. This has gone so far that,

[1] According to the latest information the tonnage of the mercantile navy in 1893 was:

7,894,000 in England.
883,000 in the United States.

The coasting trade is not included.

in case of an American vessel being repaired abroad, duty is levied on the materials used for its repair. Tariffs literally choked American shipbuilding and navigation.

These are the chief features of Henry George's doctrine of free-trade. He fearlessly declares that the total abolition of tariffs will cause the disappearance of large regular armies. Fortresses, men-of-war, conscription are closely allied with the system of protectionism.

"If we open our harbours to universal trade, we shall much better ensure their safety than by protecting them with steel armour.

"The spirit of the protectional system excites national hatred and war between nations. On the contrary, the spirit of free-trade is the spirit of brotherhood and peace."

In conclusion, George propounds the question: What is the actual, felt advantage of the union of the States of North America? He himself gives the following answer: "*The unconditional freedom of trade between them and the generality of the interests which it creates.*" If every citizen could not pass from State to State without having his luggage examined, if a book printed in New York could not be sent to Jersey City, on the other side of the river, without detention and payment of duty, would the Union exist for long, and of what use would it be?

According to George's opinion, the Americans should be acknowledged to possess the precious right of spreading freedom of intercourse between the States beyond the limits of the Union.

Then a union will be effected between the two great English kingdoms separated by the ocean.

"With the abolition of custom-houses and the opening of our ports for the free access of all goods, the trade between the British Islands and the United States will become so extensive, the intercourse so amicable, that we shall become, as it were, one nation."

Henry George concludes his work with these remarks:

"Let us do to others as we would that they should do to us; let us respect the rights of others as strictly as we would wish others to respect our rights. In these sentences are included not only rules destined for the improvement of men, but, in reality, the principal law, with which we ought to agree our social establishment and our national policy, if we wish to strengthen for our native land the benefits of plenty and peace."

The European monopolist has no cause to point to American trade policy as the best argument against free-trade. The voice of George rings loud from behind this wall, the magnificent architecture and the immense advantages of which are continually praised in a certain camp.

Having denied the connection of tariffs with high wages, the American economist—once a workman himself—warns the national mass against goodwill towards protectionism.

In comparison with Bastiat, George has advanced far, actually denying the necessity of tariffs for the filling of the Government exchequer. Acknowledging in certain special and limited cases the advantage of co-operation, George decisively supports the system of premiums; that is, open, straightforward encouragement. Unluckily he has not studied other views of direct action on native industry. In another chapter we shall explain that premiums are far from being the only, and are not even the chief, means in the system of Government aid for national labour and native industry.

CHAPTER VIII

The Latest Arguments of the Enemies and Defenders of Free-Trade.

WE shall end our review of literature dedicated to economical unity as a principle of international reconciliation, by discussing the last works of Paul Leroy-Beaulieu: his *Political Economy*, only just issued, *Modern States, Financial Science*, and *Colonisation of Modern Nations*. These volumes will always be valued by economists of all parties on account of their contents.[1]

To understand and penetrate to the radical phenomena, which are extremely varied; to establish them in their proper order, it is insufficient, as this author thinks, to study in the library numerous volumes written by predecessors, or to discuss old manuscripts and countless researches. It is necessary to be in direct contact with facts, to feel their direct influence, to watch them in their full reality.

For thirty years the author strove to attain this object. As far as it depended upon him, he schooled himself in practical experience, so as to gain right views and to be consistent in his theoretical deductions.

He took part, from the year 1870, in the economical movements of both hemispheres, personally following and feeling all changes. Now to his advantage, now to his disadvantage, he was interested in the most varied enterprises of the Old and New World. Paid by his money, there worked in his presence the Negroes of Fezzan and

[1] (1) L'état moderne et ses fonctions. (2) Traité de la science des Finances. (3) La colonisation chez les peuples modernes. (4) Traité théorique et pratique d'économie politique.

the Arabs of Chomes, as well as the peasants of Languedoc and Normandy.

He tried to meet with all classes of persons, of various positions in life, who might present him with typical examples of different forms of human activity: great bankers, great manufacturers, large proprietors, African and Asiatic pioneers and colonisers, small manufacturers, small farmers, insignificant tradesmen, workmen and mill-hands. He took part in the contemporary colonisation movement, and at the same time lived a rural life. "He did all that was possible to fill the blank between observant and experimental science."[1]

Leroy-Beaulieu, with regard to his teaching as to the freedom of industry, is generally classed with the old "classic" school, the representatives of which are Malthus, Rickardo, and Mill. Leroy-Beaulieu protested against this.[2] We must agree that in his method of research he closely resembles the workers in the historical-statistical school, the founder of which was Tuck. Of this thinker's disciples the most prominent is Smoller.

But no matter to what school Leroy-Beaulieu belongs, his penetration, erudition and personal experience are unusual. His deductions in regard to the union of economical with political phenomena are very instructive.

Leroy-Beaulieu acknowledges that the question of free-trade, which evoked so many disputes in conformance with economical laws, permits of only one solution. "The undoubted advantages of free-trade consist in the greatest extension of the market as the best course for the increase of the division of labour, the development of competition, the adaptation of every industry to the peculiarities of the soil and population, and the consequent multiplication of the quantity of produce with the same sum of labour." But from this the deduction should not be made, according to Leroy-Beaulieu, that all countries should adopt total free-

[1] *Traité théorique et practique d'économie politique.* Preface p. 1, II.
[2] *Ibid.*, iv.

trade, because contrary reasons may appear, such as "deep dejection and moral depression, which may be displayed in a badly civilised nation owing to the sudden appearance of the produce of a country either richer by nature or better supplied with means, and more industrial; great shocks to, and even losses of, capital; and a crisis that will be the result of a sudden and radical economical change, which may cause the departure of capital and population. Political reasonings, often very important, may form some of the motives. Thus productiveness and division of labour, the powerful stimulants of an extensive market, should be viewed as economical laws, whereas the advantage of total freedom of trade under all conditions is nothing more than a false economical dogma, which has no right of predominance." [1] Heartily condemning protectionism, considering it a harmful "infection," which in the latter times has spread over the greater part of the civilised world, Leroy-Beaulieu, who was closely acquainted with the misfortunes caused by sudden and unexpected changes in tariffs, could not do otherwise than warn the free-traders that the shocks, both material and moral, would be great from the rapid change from protective principles to total freedom of trade.

The freedom of transmigration Leroy-Beaulieu considers to be the most precious guarantee of peace. Certain countries, he points out, are gifted with special wealth and advantages. Such are the United States, England, France. Other nations, in exchange for a certain amount of labour, have a moral and indefeasible right of participating in these bounties. This participation is realised by the exchange of produce and emigration; its limitation, much more prohibition, should be considered contrary to the natural rights. In the United States, to which, up to the present day, the greatest waves of immigration flow, there have appeared certain limitations of immigration, or even its total suspension for a certain number of years. According to Leroy-Beaulieu's opinion, this is an abuse of the right of

[1] *Traité théorique et practique d'économie politique*, vol. i. pp. 87, 88.

proprietorship and contempt of humanity. If a country possessing great natural wealth prohibits either peaceful immigration of large numbers or the gradual establishment of individuals of other nationalities, these facts seem to acquit of blame any armed emigrations, such, for example, as those which were undertaken by the German barbarians into the rich regions of southern and western Europe. As the world becomes more densely populated and men more movable, so that they will retain less moral connection with their native land, this question of emigration to foreign lands that are richly endowed by nature becomes more important, and it is impossible to deny the possibility of new misunderstandings and international disputes and wars arising from it.

Deducing from this the excessive advantage of free exchange, Leroy-Beaulieu finishes by making reserves and by yielding certain points, as if he were frightened by the fearlessness of his views. He conditionally admits that the French have grounds for fearing the decrease of their welfare (attained partly by the decrease in the population), when France shall be inundated by poor and prolific Germans, Belgians and Italians. He agrees that there are reasons to hinder the immigration of the Chinese to Australia and the United States, because the Chinese do not mix with the European races, and always remain a foreign race, stubborn, and partly inimical; and we ought not, by permitting a large influx of Chinese, to increase the inconveniences that have already arisen because of the Negro and Indian races, which violate the unity of population of the States. Attention might also be paid to the difficulties in the monetary system arising from the transfer of metallic symbols from the United States to China by those Chinese who return to their native land, or send home their savings. Consequently, the question is very complicated. Even England during the last few years has regarded the great immigration of Russian Jews with disfavour, and in this country an agitation has been started

against the poor immigrants. Without pretending to solve such a complicated problem by one general formula, we nevertheless retain our opinion that the inequality of the natural gifts which different lands enjoy should cause luckier regions to adopt the moral obligation to regard immigration with a certain kindness.

A series of excuses! And such a timid conclusion! The French economist possesses clear, but not brave, ideas. Though this fact is strange, it is only too plain, because fear of straightforward deductions leads Leroy-Beaulieu to express certain dismal fears in the spirit of mercantilism. This rebuke applies with force to his statement that monetary difficulties might be caused by Chinese going home with their pockets full of American coins. As if their industry does not represent a sufficient equivalent!

The prohibition of the immigration of cheap foreign labourers has, according to our conviction, only one object —the attainment of popularity. While destroying or reducing live competition, it is necessary to permit, and even encourage, the competition of dead matter. Machinery is more dangerous than the most industrious and the poorest coolies, or the least fastidious Italians. The competition of machinery greatly exasperated Proudhon, who demanded the prohibition of improvements in machinery for ten years, and who wished that new engines and inventions during this term should be exhibited, but not used. As, happily, in our days such propositions are impossible, the struggle against the cheap labour offered by the poor immigrants appears as a violation of common sense, and is the consequence of stagnation, hypocrisy, ignorance, and underlying hatred.[1]

We consider ourselves justified in agreeing with the opinions of Leroy-Beaulieu concerning the freedom of immigration, though we cannot subscribe to those excuses and limitations with which he so needlessly undermines his doctrine. For his native land, the freedom of immigration

[1] Further on we shall return to this question.

would have more importance than for the United States, because it would become the perpetual factor of peace for a country which possesses accessible frontiers and powerful enemies.

Leroy-Beaulieu acknowledges that international trade, more or less free and active, produces advantages of four kinds :—

(1) By means of exchange every nation acquires necessary or very useful articles, which cannot be produced in its own territory owing to peculiarities of climate and soil, or to geological features.

(2) International exchange is a guarantee against the failure of crops.

(3) The advantages of the division of labour increase materially because of external trade.

"Markets consisting of 40, 50, 60, and even 80 millions of human beings have now become in many respects insufficient markets. Creating a universal market, free-trade consequently strives chiefly to develop the division of work, not only so as better to utilise the natural capacities of soil and population, but also to push forward the exploitation of newly acquired capacities. Thus free-trade makes efforts to increase in general for all mankind both the producing powers and the methods of consumption."[1] Thanks to the universal market, it is easier for every nation to let other nations produce such articles as they turn out cheaper. Remarkable phenomena make their appearance in a universal market. Many of these were discovered by the deep reasoning of Rickardo in his famous theory of international exchange.[2]

Even if a nation be capable of producing all or the majority of wares cheaper than can be done abroad, still, under certain conditions, it is more advantageous to import some of them, because it is better to devote national in-

[1] *Traité théorique et practique d'économie politique*, vol. iv. pp. 78, 79.

[2] Leroy-Beaulieu erroneously attributes this theory to J. S. Mill.

dustry to those products, the advantages of the manufacture of which are greater, and to exchange the others.

(4) Free-trade between nations develops and intensifies competition.

There exist large industries which are easily concentrated, and, under artificial limitation of the market, give an opportunity for agreement between owners of the enterprise, with a view to artificially elevating the prices to the disadvantage of the consumers.

It is known that the manufactures of naphtha and sugar and the metal industries served as a wide field for the actions of certain syndicates, trusts, and combinations. The only sure method to adopt as a defence against these attacks on the consumer is free universal competition.

Such are the four advantages which, according to the opinion of Leroy-Beaulieu, produce between nations a more or less free exchange. Generous and well-reasoned views give place to concessions made to the protectionists; excuses full of contradictions and absurdities are put forward. Leroy-Beaulieu considers free-trade a necessary economical form for small kingdoms. The wide territory and variety of climates enjoyed by the thinly populated countries of South America and Australia also give no base for the creation of a separate market, in the opinion of this thinker. Still less, continues the author, is free international exchange wanted by a very large kingdom, with a population of 70 or 100 or 120 millions. According to this theory, it appears that the United States, Russia, the British Empire and China, though they apparently have fewer disadvantages, may defend themselves with prohibitions, tariffs, and guards on their frontiers. This is certainly a strange deduction. China has to face enormous expenses, and has a population of 400,000,000 industrious inhabitants, with a special and very old civilisation. But the only hope of salvation, the only way for China to avoid dissolution, anarchy, or capture, consists in her free intercourse with foreign lands.

Russia, with a population of 130 millions, and endless varieties of soil and climate, and the United States, where 70 millions inhabit a territory which contains almost arctic and almost tropical countries, by the theory of Leroy-Beaulieu, ought to suffer from protectionism, especially Russia. In reality, the most injurious consequences of economical separateness are observed in North America and Russia. Even the supporters of protectionism, once they are not deprived of seriousness and conscientiousness, do not deny that the protective system costs Russia more than it costs her neighbours. The United States is notorious as a country producing numberless syndicates, trusts, and custom-house misfortunes. By way of blemishing the scheme of Leroy-Beaulieu, it can be easily proved that the 70 million Americans suffer from high duties more than the 39 million Frenchmen. The countries in which extent, population, and various natural conditions markedly alleviate the evil of separation from the universal market, do not exist on our planet.

Leroy-Beaulieu considers that the most important and most widespread objection to free-trade is the possible opposition between the interest of the universe and national interests.

"As in a separate nation certain persons may suffer from successes which are advantageous for the entire nation, so is it possible that certain nations may lose from causes which are beneficent for the entire civilised world."

Then the protectionist creed, according to Leroy-Beaulieu, may be stated in the following principal theses:—

(1) The export from abroad is desirable of only such articles as cannot be produced in the country. Such are chiefly the so-called colonial goods; and even these goods should be taxed with a certain duty in favour of the Exchequer.

(2) Although the advantage produced by international

exchange is very great during temporary bad harvests, nevertheless. these advantages should be used only within limits necessary at the critical moment; when the crisis, say the famine. is past, the foreign grain should again be taxed with a duty sufficient for the protection of native agriculture.

(3) All those articles. the consumption of which cannot be suspended by natural crises, ought not to be imported, or should be taxed so that the native industry would not have to fear foreign competition.

(4) Foreign competition which, according to the views of free-traders, is a powerful stimulus for industry, is in reality injurious, and even ruinous, for the national industry of certain kingdoms.

(5) Division of labour should not go beyond the limits of the Government, because the State organism ought to be, in as far as is possible, complete and independent.

Certain special arguments in favour of protectionism are put forward by the learned American professor, Simon N. Patten. The small book by this thinker was issued in Philadelphia under the title of *The Economic Bases of Protection.* Patten states that he does not believe in a general political economy for all nations; America should use other principles than Europe, because of the peculiarities of its climate and population, and also because the North American nation is in a dynamic state.

"In this respect," says Patten, "our ideal should be a sharp contrast with the statical ideal pictured by the majority of free-traders. Old doctrines of political economy always rose from the imagination of a society in which the various elements were quite harmonious, and had reached the highest level of civilisation. The ideas which I wish to defend are based on dynamic, changeable conditions, necessary to the nation, to aid its development to the highest possible social level. The dynamic theory of social progress differs from the theory of the immovable industrial state. The question as to whether we shall form a statical

society or a dynamic society is the substance of the dispute about tariffs."

Leroy-Beaulieu denounces this pretentious dialectic (a feeble copy of the system of List), pointing out that ethnographic and other peculiarities of America present only a quantitative difference, and not one of quality.

The demand for a special economical science for the Yankees is specially remarkable. National peculiarities serve as an anchor of salvation for those minds which have been worsted in logic. Having declared their country to be of an exceptional nature, and their citizens a special species, they may (if they are in love with primitive methods of reasoning) create an independent moral condition, and arrive at such deductions as will produce a repelling impression.

The opinions of Patten only can be considered original in as far as they concern the successes attained by free-trade in England.

"Free-trade, though successful in England," says he, "cannot serve as a proof of the fitness for us of such an arrangement. Up to this time no nation has adopted free-trade, and all civilised nations have need of the universal market. We all derive advantages from the fact that various economical organs are brought into contact in many places. This would be impossible as long as a nation followed an exceptional policy. England was the first nation which opened the universal market to the world, which caused not only the increase of the welfare of all England, but of all other nations that derived advantages from the institution of free English markets. The creation of a second similar market could not influence the development of industry as much as the opening of the English market did. One nation may derive great advantages when coming into intercourse with other civilised nations, and growing into a market for their surplus; but the second nation would find the place already occupied. We may hope at the utmost to share this trade with England,

or possibly to propose lower prices than England's, and so take possession of her trade. The simple substitution of America for England, even if it became advantageous for certain separate classes in America, would not be an advantage for the entire world. The progress of peace depends much more upon the development of interior produce than upon foreign trade. We needed opportunities for labour, with which every nation is endowed by nature."

Leroy-Beaulieu says: "Il y a une certaine finesse dans ces aperçus." We are of the opinion that Patten's discourse, which Leroy-Beaulieu has left undisputed, has no merit save that of originality. England is not so much a statical country that her industry should not develop and her trade not increase. Under all fluctuations and crises, the manufacturing produce of the United Kingdom and its mercantile fleet increase. At the same time the demands and surpluses of the universal market increase. Consequently, beside the existing participators in the universal trading exchange, there appear new enterprises, firms, works, mills, and purveyors. To join them, it is not necessary to live on the banks of the Thames and be called an English subject. If the American mercantile fleet were not ruined, and the manufactures of France not oppressed by duties, no one would prevent the Americans and French from increasing the extent of trans-oceanic and universal trade. There is room for all. If America were to abolish the protective tariff, the general item of English trade would increase. So would also the American. If universal free exchange is a benefit, the more the nations join it the better it will be. Patten's supplementary theory concerning the necessity of the development of interior produce is a *petitio principii*, because it is necessary to define whether free-trade does not develop interior produce much more than any tariff protection. In any case, other means besides tariffs can be found to assist the development of national produce—means less disadvantageous, less prejudicial, and surer.

Total freedom of trade, total abolition of all taxes, Leroy-Beaulieu considers impossible at the present time for large continental kingdoms, owing to purely fiscal causes, as these nations stand in need of revenues, and have recourse to interior indirect taxes. Some of these taxes make necessary custom-house duties on similar goods. It would be impossible to abolish custom-houses without repealing excise-duties within the kingdom at the same time.

Such a reform Leroy-Beaulieu considers disadvantageous for all kingdoms that are hampered by heavy budgets.

He asks how the excise will be levied if no custom-houses exist. How are wine, spirits, and tobacco produced within the country to be taxed if tobacco, spirits, and wine of foreign produce are allowed to be imported? Would not this be sacrificing home industry for foreign? As long as taxes on articles of consumption are necessary for our budgets, the retention of these levyings within the country leads to the necessity of retaining corresponding custom-house taxes on foreign produce of the same kind. Or we should suppose that all kingdoms—at any rate, all continental States—will come to an agreement to establish similar interior taxes on articles of consumption, and so create a custom-house alliance in which all goods can circulate freely. But many obstacles, arising in consequence of the political condition of various countries, or owing to the inequality in the financial necessities of each, or to the difference of habits and tastes, will long hinder the principal nations from forming a custom-house union.[1]

We will not stop at the fact that Leroy-Beaulieu, as do other supporters of custom-house unions, confuses purely free-trade — free borders — with custom-house federation. Under contemporary conditions, international dissension may become intensified by the creation of trade coalitions, especially in Central Europe. The difference would consist in one Custom-house Union forging weapons against another, until the allies would quarrel over the division of

[1] *La Science des Finances*, vol. i. p. 625.

custom-house spoil. This might well cause a war between members of the Union. One political trade-coalition will threaten another political trade-coalition in just the same manner as the Triple Alliance forges weapons against the Double Alliance. Let us return to the concrete question proposed by the author of *La Science des Finances.*

In past days the list of excise goods in England was long. Even hides, candles, bricks, glass, paper and soap were taxed. By a series of reforms these taxes were repealed, and now he who seeks taxes in the acting tariff of England will find only one article—spirits, its produce, and articles containing it. The other goods which pay taxes cannot be classed here, as they are not produced in England. These are tobacco, tea, wine, currants, grapes, coffee, chicory, cocoa and fruits. If we except the excise-taxation of spirits and tobacco (of which the first yielded £4,346,800 to the custom-houses in 1893, and the second £10,312,124, together producing over 70 per cent. of the revenue of the custom-houses) the entire excise-system of England will remain unmoved, and only the custom-house revenue will be reduced from 20 to 25 per cent. This reduction represents between four and five million pounds sterling. The tax on native produce of spirits, liquors, malt and beer may be levied as formerly. Tobacco would be the only article paying a tax to the custom-house, but not to the excise. All other indirect taxes in England are so insignificant that altogether they yield not much over £3,000,000; and during the last few years the majority of these revenues are enjoyed by the local public and municipal budgets. The excise-system of France differs from the English first of all in the peculiarities of the tax on wine made from grapes. Immense areas of the country are covered with vineyards. The custom-house duty on wine yields 25,000,000 francs, the excise tax five times more. In the northern provinces, liquors from apples and pears are also taxed with excise-duties. The tobacco cultivation is very great, but forms, with the retail and whole-

sale trade, the Government's monopoly, and yields over 300 millions of clear profit; tobacco import is prohibited, only a small quantity being allowed for the personal use of travellers. A monopoly exists for matches. Introduced after the war, the excise on paper was repealed in 1886, but the salt excise still exists. Coffee and cocoa yield over 100,000,000 francs. Foreign sugar pays a duty; native (beetroot) sugar pays excise. Let us suppose that it will be difficult for England to manage without excise in the near future, and that for France this will also be necessary for a long time. Suppose that other States find it difficult to abolish the taxes on articles for consumption. But we affirm that excises, be they necessary or unnecessary for the balancing of the budget, may yield large revenues without a corresponding frontier taxation.

The taxes on colonial goods should be struck off the custom-house tariff. The taxes on coffee, tea and cocoa can evidently be levied within the country, and do not necessitate a frontier-cordon with all its attributes. With a moderate tax, a patent duty for the right of shopkeeping will be sufficient, and a certain control of the stores and wrappers. With a heavy tax, secret sale will not be felt by the Exchequer more than frontier smuggling. The control will be assisted by the statistics of the movement of goods along railways and water-roads, and by the free control of competitors. He who should import a considerable cargo of coffee, chocolate or tea, and sell it secretly, without wrappers, would have but a small chance of hiding his roguery.

If colonial goods are excepted, the list of goods which ought to pay duty will not be large; not much will have to be added to the two most paying English taxes, namely, those on spirits and tobacco. We should not forget that now custom-house duties everywhere enter into the excise-system, chiefly because the custom-house presents a ready institution for levying.

The French laws in regard to spirits serve as a proof that

it is possible to manage without the assistance of custom-houses in the intricate affair of excise.

When we consider the number of small landed proprietors in France, and the great area covered with vineyards, we see that several hundred thousand wine-growers have to be dealt with. Direct excise control would be too oppressive, both for the Government and for the taxpayers. Thus wine is taxed or registered only when sold or removed, or when being brought into towns or settlements with over 4,000 inhabitants. This charge should not be confused with octroi and a separate tax for licenses. We will discuss separately each of these taxations, to see how much they would lose from the abolition of custom-houses and the permission of free import of foreign wine to the native land of Champagne and Lafitte.

The tax on removal of wine, *droit de circulation*, is the taxation of every large production, of every store of wine collected by consumers. To ensure the receipt of this tax the transport of wine and, generally speaking, of all strong drink, is subject to a certain formal procedure—a written statement must be presented to the excise-office, stating the quantity, kind, and quality of the transported beverage, the place of starting and the place of destination, the names and surnames and addresses of the senders, the carrier and the consignee. No matter how many times the same parcel of wine may be transported, these formalities must be strictly observed, although the tax is levied only once. The direct consequence of the presentation of the statement is the issue of a certificate, without which transport is strictly forbidden. Only a quantity of not more than three bottles for each traveller is free from formalities. Besides this,—thanks to habit and the condescension of authorities,—small consignments of wine are allowed to be transported as hand-luggage. All parcels containing more than six gallons pay *droit de circulation*. A small quantity pays the retail duty, called *droit du détail*.

It is plain that in respect to the *droit de circulation*

custom-houses are of only partial importance. Foreign wine, imported free, will have no chance, unless great risks are run, of being transported as native, and of being kept and used without its controller taking out the excise certificate. In reality, foreign importers have more difficulties in avoiding the tax than have Frenchmen, because the former can use only a limited number of roads, while the latter bring their produce from thousands of points.

The frontier-cordon has no importance for this tax, because the proportion of the tax varies according to the locality. Foreign wines can in no way avoid payment, as even local transport of wine from the press to the cellar, or from the cellars of one owner to those of another, can be effected only under the authority of an excise delivery note, which is issued free of charge. Such transports are limited to communities and cantons whose borders are not studded with cordons, although these local frontiers affect the excise department not less than do the frontiers of Italy, Germany and Spain, whence wine can be imported.

The retail trade pays, as already said, a retail tax, *droit du détail*. All wine-shop owners, hotel-keepers, all shopkeepers who sell eatables are bound (1) to have a painted shop sign; (2) to announce the date when the sale will begin; (3) to state the quantity, kind and price of beverages. To determine the quantity of beverage sold, every receipt is entered. The excise officers have the right of examining the cellars. The barrels with wine are stamped. All wine used is subject to taxation, with the exception of what is spoilt, lost (the loss must be proved), spilt, or used for home consumption. If the cellar contains an excess of wine, untaxed, this is considered a proof of secret and illegal sale, and the excess is subject to confiscation or a fine. The substance of retail-taxation on the sale of wine would not change with the import of foreign drinks without examination and duty. Foreign wine can be sold without taxation.

Even if we suppose that the Exchequer were to lose two

or three, or at the utmost, four million francs from small foreign consignments, imported secretly and avoiding the *droit du détail*, the loss would be covered by the reduction in the expenses of watching and guarding the frontier.

There exists another excise duty, the *droit d'entrée*. In the case of this duty, it is manifest that the origin of the wine is a matter of indifference. For this tax, which is dependent on the population of towns and settlements (it varies in different departments), twenty-one clauses are established, with charges varying from forty centimes to three francs on grape wines, and from thirty-five centimes to one franc twenty-five centimes on cider.

Finally, licenses for the sale of drinks have no relation whatever to custom-house taxation.

Spirits and strong drinks in all countries produce the same state of affairs as rules in the southern provinces of France. What is presented to the wine-excise by vineyards and fruit-gardens is presented to the spirit and beer excise by rye, wheat, barley, oats and potato fields. By simple manipulation the grain and vegetables are transformed into various spirits. The right of brewing spirits, beer and wine was in certain places viewed, even in the past century, as the natural right of every agriculturist. The rice plantations at the Equator and the barley-fields within the polar circle equally threaten the excise. The danger, to avert which efforts are made by corresponding duties on foreign spirits, is based on bureaucratic stagnation and on misunderstanding. The excises differ not only in different countries, but even within the limits of one State they vary considerably. The excise in England rises as high as 477 francs per litre; 252 francs in Holland, 390 francs in Russia (1891), 245 francs in the United States, 240 francs in Canada, 187 francs in Norway. In France, including all supplementary and local taxes, the excise is 266·05 francs for Havre and Rouen, 222 francs for Brest, 218 francs for Lyons, and so on. In every country where municipal taxes exist the excise varies. Cheap spirits

made in French departments threaten the Government revenue just the same as Norwegian produce does.

The Government tobacco monopoly exists in France, Italy, Austria, Spain, and Turkey. In other countries the duty on tobacco is very high. *The prohibition of tobacco cultivation in England* is connected with the frontier-excise, and all the revenue is yielded under the form of import duty.

Where monopoly is introduced, the interests of the Exchequer can be observed very well without the assistance of the custom-houses. Thirty-three thousand *bureaux de tabac* are, in reality, as many district inspectors. These inspectors are interested in preventing smuggling, and will be the first to notice treachery in their midst. Frontier taxation affects only the native consumption, and not the sale. The abolition of custom-houses will reduce the tobacco revenue by only a very moderate sum. Small parcels even now are not controlled in the States of Central Europe. For the transport of large consignments, it were sufficient to establish something similiar to *droit de circulation*, for the income derived from taxing tobacco not to be reduced.

We repeat that if a light wrapper-tax be imposed, only a small part of the goods will escape it; if the tax be a heavy one, the ordinary method of escaping frontier-cordons will produce an undoubtedly greater loss to the Exchequer.

With the abolition of custom-houses in all countries in which monopoly of manufacture and sale are instituted, it will certainly be necessary to introduce suitable alterations in the method of levying the tax.

In England it will be necessary to introduce license and wrapper-taxes, and to abolish the outrageous law prohibiting the cultivation of tobacco.

One-tenth part of the inventiveness, skill, and patience shown in the institution of custom-houses would be sufficient to ensure the discovery of means for bringing to pass the changes which we have indicated.

England abolished the sugar excise. It is very desirable

that other countries, at the first opportunity, should follow her example. The cheapening of sugar would increase the consumption of coffee, tea, and chocolate. In addition to financial compensation, ethical advantages would appear. Drunkenness would be reduced without the assistance of draconic measures, violating individual liberty.

In the history of the nineteenth century, sugar will occupy a foremost place among the products that have caused a series of absurd laws to be made. Sugar-cane and beetroot seem to be destined to display the total incompetency of the fiscal methods devised and supported by legislators whose sympathies lay with a protectional policy, and whose panacea for all these troublesome matters was the custom-house.

On the European continent, during the last few years, the sugar industry has been the cause of many ridiculous enactments. France, Germany, Austria, and Russia have each separately made efforts to follow a certain system. The result is an inextricable confusion, disadvantageous to all. Excises, tariffs, export premiums, regulation of the produce have attractive but complicated aims, such as the enrichment of the Exchequer; the encouragement of native, the undermining of foreign, industry; the supplying of customers with a cheap produce. In reality, the Exchequer fails to secure many millions of the expected revenue; complaints of the ruin of mills are much too frequently heard; the consumers pay too high a price. It is true that syndicates sometimes make huge profits, and that English swine are fattened by Russian sugar on which a tax has been levied. But these are small advantages. The difficulties surrounding this subject will disappear when the excise duty on sugar is viewed as a moderate tax on consumption, and when the custom-house tax shall be supplanted by a method of assisting national industry that is more worthy of a modern State.

No matter how great Leroy-Beaulieu's delusion be in regard to the political consequences likely to follow upon

the establishment of a universal market, it is fully redeemed by his enlivening opinions in respect to political changes caused by free exchange.

"Undoubtedly," says he, "England up to the year 1815 appeared as the most martial nation; in 1854 she fell into her old sin. But after that, for over forty years, her international trade turned her into the most peace-loving of all nations." [1]

How far this opinion differs from the current opinion is seen from an examination of the views expressed by N. N. Yanjoul when discussing the martial spirit of England.[2]

"The system of free-trade ensures general peace as little as protectionism does, the proof of which is England, who, notwithstanding the adoption of this system, hardly lets a year pass without waging war in one or another corner of the earth."

The wars of which England has been guilty since the Peace of Paris have been directed against African savages, the mountain tribes of India, and the Mahdists in the Soudan. If, instead of the Franco-Prussian War, twenty expeditions had been undertaken similar to the Ashantee expedition, the years 1870 and 1871 would be considered to represent a time of almost total peace. No one charges the capture of Cochin-China, or the invasion of Pekin, to the martial spirit of Napoleon III. Russia is considered to have enjoyed perfect peace from 1856 to 1877, although cannons boomed on the Caucasus up to 1864, and the advance into Central Asia was continued with more or less energy. Tunis, Dahomey, Madagascar, and even unfortunate Tonquin did not deprive the Third Republic of its reputation as a peace-loving power. The exploits of Major Weissmann in East Africa took place at the same time as avowals of peace were being made in the Reichstag.

With enormous maritime strength, with the possession of inexhaustible monetary resources, utterly secure in her

[1] *La Science des Finances*, p. 117.

[2] *Principles of Financial Science*, p. 868, ed. 1896.

island situation, England, though possessing great military power, at any critical moment is averse from issuing an ultimatum, no matter what party is ruling, no matter what Minister advises Queen Victoria. The dismemberment of Denmark, the uniting of Italy, the devastation of France, left the Cabinet of St. James' unmoved. Even when certain almost vital questions were agitating the country, the sword remained in the scabbard, though the appearance of readiness was kept up in an energetic fashion.

The transformation of Germany into a naval power did not provoke England to counter action. When Africa was divided, the amicable agreement between the two powers was marked by the ceding of Heligoland to Germany, this island having been regarded as a British stronghold. The English did not protest against the establishment of a royal colony in the Congo district. Only in Egypt was England disinclined to make any concessions. The Suez Canal is guarded very jealously.

In 1896, during the dispute with the United States concerning the Venezuela frontier, after having at first declined arbitration, England yielded at last, and so allayed the panic on the Stock Exchange.

Though it greatly helps the cause of peace, the English system would be more effective in this regard if it meant a total and sincere introduction of the principles of free exchange.

If the automatic taxes of the British colonies were abolished, together with the frontier excises of the metropolis, and all the frontiers of the Empire were to become free, then the English fleet would no longer inspire any one with fear.

The possibility of war would be lessened, and at last change to an impossibility, if all the powers were to follow the happy example. The only military operations would consist in expeditions (which would gradually become rarer) against savage races and the gradual subjection of the half-barbarous kingdoms. Peace would be strengthened between

civilised nations without loud declarations, without triumphal treaties; an unshaken harmony between primitive social organisms would gradually be established—a harmony appearing as the natural, inevitable consequence of universal co-operation.

To conquer the stagnation of human reasoning, to discover a new and better path for conscious social improvement, much knowledge, much experience, much labour and decision are necessary. In this respect the words of Buckle and Henry George are important and instructive.

"When the thinker wishes to finish his labour with success, he certainly must devote all his strength to one enterprise, putting aside all love of honour, and sacrificing to the work much of what men generally value. He must renounce many of the pleasant inclinations for the sake of his work. The rewards, which he might have gained devoting himself with energy to another cause, are not for him; the sweetness of public approbation is not for him; the splendour of power is not for him; he takes no part in the councils of the country; he can occupy no positions high and honourable in the eyes of society. No matter how conscious he be of his forces, he cannot take part in the great race; he cannot hope for victory, he cannot even enjoy the emotions of the struggle. The lists are closed to him. He is his own reward; he should learn not to think of other men and the honours which they can distribute. Not thinking of this, he should prepare for libel, which always awaits those who, giving rise to new ideas, insult the prejudices of their contemporaries. When he is charged with ignorance and worse; when his inclinations are misinterpreted; when his honesty is suspected; when he is accused of renouncing the importance of moral principles, of attacks on the foundations of all religion, as if he were an enemy of society, whose aim is to demoralise it, and who finds pleasure in surveying the evil created by him; when he is accused of all this, and it is passed from

mouth to mouth, he should be capable of quietly continuing his path, not wavering, not stopping, and even not turning aside from his path to listen to the angry exclamations which he cannot help hearing and which he cannot help desiring to silence."[1]

In his *Progress and Poverty* Henry George hints at a similar, but still sadder, lot.

"When man has developed noble inclinations in himself, a high talent is created, a passion of passions, a hope of hopes, efforts to make life better and more beautiful, destroying poverty, and crimes, and shame. He suppresses and subjects his physical wants, turns aside from happiness, and declines authority; he leaves to others the care of accumulating wealth, the satisfaction of pleasant fancies, the enjoyment of the sunny warmth of our short day. He labours for those whom he sees not and never will see; he strives for fame, or only justice, after the clods of earth have fallen on his coffin. He labours for progress in the sphere where cold reigns, where there is no human pity, where the stones are sharp and the thorns prickly. Amidst mockery and mirthful derision, which cut like a sharp knife, experienced in the present, he builds for the future. He marks out the path which mankind, advancing, will in the future turn into a wide road."[2]

Comparing the fates of Buckle and George, it is plain to see that to the lot of the latter, who was at one and the same time a thinker and tribune, savant and publisher, there fell more trials and misfortunes, but that his activity was richer in results. It is certainly not easy for a retiring student to endure attacks and libel. But he retains the invaluable advantage of escaping personal contact with his enemies or with flattering dolts; he can hide himself from unpleasant opponents, as well as from inquisitive supporters.

Having suffered the bitterness caused by the ignorance

[1] *The History of Civilization in England*, vol. ii. chap. iv.
[2] *Progress and Poverty*, vol. ii. chap. iii.

and rudeness of his contemporaries, he preserves a serene dignity amidst his books and manuscripts.

If he does not defend himself from these troubles and disturbances, the student deprives himself of much material and many sources of knowledge, which no erudition can replace. University discussions, public meetings, debates in scientific societies, articles in magazines, and, in especial, close contact with the crowd—by these routes comes much that cannot be found in any library.

In penetration and talents George evidently did not excel Buckle. But before writing *Progress and Poverty* and *Protection and Free Trade* the author worked as a compositor, as a clerk in a newspaper office, as a speaker at meetings, as a hopeless candidate for the post of President of the Union. If Buckle had examined the same sources of human vanity as George studied so closely, the *History of Civilization in England* would not have contained so many mistakes. Historical process would not have been confused with social evolution, and free-trade doctrine would not have been understood in the sense of the total economical inactivity of the State.

George's deductions, based on the wide contact with social life, can be charged with another error. The author lacked acquaintance with the conditions of industrial and trade initiative. He had studied individual and collective conditions of national life, but had a small, a purely book-knowledge of the technical and administrative side of the production. He knew the workman, but did not know the employer; knew the agricultural labourer, but was unacquainted with the planter, banker, and exchange speculator.

Leroy-Beaulieu, by reason of his broader outlook, is as far above George as the latter is superior to Buckle. From the introductory words to *Political Economy* it is plain that the personal participation of Leroy-Beaulieu in various enterprises for many years gave him an enormous stock of direct observations. Immense and exhaustive erudition,

joined to various experiences of life, endowed him with an unparalleled knowledge of the greater number of industries. He was at once both an engineer and an economist. He knew all prices, the peculiarities of manufacture, the conditions of transport and sale of both half-raw materials and manufactured goods.

His deductions concerning the transfer of taxes and the influence of tariffs are founded on the widest possible bases. To acquire such material, to which we shall be obliged to refer in the following description, it is often necessary to leave the quiet study and the silent friends on the bookshelves; it is necessary to go out into the thick of the struggle, vexatious and unpleasant though such a course may be; more than that, it is necessary to become what is called "a man well versed in business."

At the same time, one should not become a man of business. No one gives this name to the author of *Financial Science* and *Theoretical and Practical Treatise on Political Economy*. A tenth part of his talents and industry was sufficient for the making of an immense fortune. To effect this, it would have been sufficient for him to have concentrated his exertions on one or two industrial or trade specialities. In reality, the editor of *Economiste Français*, without deserting the learned labours of the professorial Chair, gathered data and information as an agriculturist, a manufacturer, and a shareholder. Evidently he was not always gaining; but whether he gained or lost, he gathered knowledge which now sets him above all economists of the modern school of political economy.

The temptation to strive for enrichment is certainly the least of all the temptations which beset the student of this subject, in which the reputation of being learned in financial and industrial affairs chiefly means that he has taken pains to complete his economical education. The worst feature of all is the necessity of entering the business world, in which so many men are remarkable for their repelling qualities. If going into the crowd produces so

much bitterness and disenchantment, then what must be said of the different grades of the plutocracy? It suffers from all the great defects of the aristocracy, without its merits; it worships success, however obtained; it constantly plots against the national welfare; it displays a callous indifference toward the necessities of the weaker. All this may be proved every day in both the great and small temples of the Golden Calf. The famous economist's vast knowledge was not acquired at a cheap rate. He, with his refined mind and human heart, must have experienced many miserable hours.

One side of human activity remained untouched by him. If he, having done so much, did not do more, this is because there was one great blank in his experienced data—a blank which he did not trouble to fill. He, the author of *L'État Moderne et ses Fonctions*, had little knowledge of Government actions. He knew of the qualities of the administrative machinery only from books and newspapers. Personally he—the student, professor, publisher, business man—did not consider it necessary even for a few years, even at fairly long intervals, to become acquainted, by means of personal participation, with the method of State Government. He never was a Deputy, or a member of Government institutions; never occupied a large or small Government office in any Ministry.

Many mistakes and omissions of Leroy-Beaulieu are explained by this blank in his vital experience. His strangely contradictory and confused opinions as to the limits of State initiative arise from simple ignorance. He was unacquainted with the force or feebleness of the administrative mechanism.

It is true that the addition of actual acquaintance with the affairs of State Government to the field of investigation not only increases the sum total of labour, but also accentuates those spiritual hardships of which Buckle and George speak with so much bitterness. During many years of labour it is necessary to defend one's leisure and one's

moral strength against absorption into the numerous demands of formal obligations. Otherwise no time is left to gather erudition. It is necessary to vary one's participation in State service, much to the surprise of all concerned. It is necessary at times to depart from even attractive duties, to devote oneself to such a kind of official activity as results in an acquaintance with the various branches of national produce. Finally, at the very moment when, after experiencing long labours and dull routine, a possibility of a wide and honourable activity appears, it is necessary to tear oneself away, and to retire to the study with the harvest of rich material. This change is not always effected without a severe inward struggle.

The reward of the victor in this struggle often proves sufficient to redeem the hardships experienced. To the observer who is sufficiently attentive and energetic, both the factical and potential qualities of the administrative organs are displayed. What the State should not do, what it will do successfully, what it is capable of doing in the future, all this will be firmly and consciously mastered. State authority and initiative will not appear in the form of an abstract idea, but in their actual qualities as a power obedient in one respect, inert in the other. The aspect not of the old but of the modern State is explained, united by the newest methods of intercourse and communication, and extremely sensitive to all changes, intellectual or economical, beyond its limits. He who has not turned aside from one of the stated sources of information may make efforts to create a harmonious system of peaceful development of many primitive social organisms; discover and point out the true path, on which the latest public forces and universal tendencies will not come into collision, but will unite, and, instead of being neutralised in the struggle, will mutually increase in alliance. Such an investigator of social events will arrive at firm convictions and bright hopes. He will heartily believe that vital demands will not be contradictory to his doctrines,

and that short-sighted stagnation will not have a right of opposing its experience and knowledge to his deductions. His bright hope will be for the commencement of a peaceful, legal, and great change in social and international relations, when universal and lasting co-operation will replace the present unarmed strife, which alternates with violent attempts against individual and national life.

CHAPTER IX

The Delusions of Free-traders and Protectionists.

THAT free intercourse of civilised nations is the sole path to complete and enduring peace has been granted more than once by the supporters of free-trade, but always in the form of an additional benefit.

The first consequences of the free-traders' duties are to be wealth and development of produce; peace seems to be a secondary matter.

The genesis of the idea of free intercourse, as well as the attentive observation of economical consequences springing from the changes in the seventh decade of the nineteenth century, proves that perpetual peace necessitates the establishment of a much wider base, and not only the acceptance of the scheme put forward by the free-traders.

The invincible logic of facts adds political problems to the economical state of affairs.

The forms in which the two opposite doctrines are displayed are, for the majority of States, protective duties; for the minority, fiscal taxes. Neither plan is capable of turning the antagonism of nations into harmonious competition. There is no need to listen to free-traders to be able to assert, and with great emphasis, that prohibitive, protective, defensive, and encouraging taxation of imported goods is ruinous. Events and influences, generally acknowledged even by the protectionists, and reasonings which at the present stage of economical development command the attention of either party, are sufficient.

The consumers pay too much. The overpayments are great, and fall upon the commonest of daily necessities. To

struggle with trans-oceanic grain, beef, wool and English manufacture, the custom-house taxes ought to be very high, because the aim is negative compensation: the destruction of the great successes attained by the application of contemporary technical science to the virgin soil. Taxes "struggle" with the enormous construction of railroads, ports, elevators, the cheapening of freights, the creation of the Suez Canal. By means of custom-house taxation the price of articles is raised, for the cheapening of which genius, invention, and the best forces of many generations have worked. The extent of overpayment is consequently very great, because the figures represent a total of foreign enterprise and native stagnation. In Russia, taxes of 100 per cent., and even more, are frequently met with. Pig-iron, steel, steel wares, textile fabrics cost double, thanks to the duty. The overpayment of the consumers, obeying the law of transfer of indirect taxes, always exceeds the tariff revenues. For goods of the value of one franc, the Exchequer levies a duty of one franc, but the consumer always pays more than two francs.

The producers pay too much. The manufacturer who purchases raw and half-raw materials, taxed with duty, cannot compete with foreign industry unless a duty on manufactured goods is levied. The overpayment appears in case of the possibility of native materials being purchased, because their price is rarely reduced by interior competition—during the existence of protective duties. In those rare cases in which prices at the rear of the custom-house line of defence have actually fallen lower than the foreign prices (take, for example, the petroleum industry in Russia), this fact would have happened without the defence of tariffs. Generally, with only a very simple tariff, which, if we except England, and perhaps Belgium, exists nowhere, it is possible to escape the disastrous battle of taxes. Encouragement of all industry is an absolute impossibility; the encouragement of the greater part of its branches is hardly to be achieved. The complicated system of custom-

house taxes creates only an artificial atmosphere, where the sickly branch of industry is obliged to struggle under difficulties not only at the cost of the consumers, but at the cost of the majority of producers. The native produce in general suffers from taxes, by means of which efforts are made to grapple with a mass of legislative and administrative defects. Later we shall prove that the struggle with these defects must be conducted, not with taxes, but with other weapons.

The consumption is reduced. The tax paid in money, thanks to frontier duties, represents not the only and not the heaviest misfortune. The tax on grain, cattle and various eatables increases the prices of the food for those who, being unable to pay more, are obliged to eat less, or as much of a worse quality. The health of the populace suffers. A similar result is caused by the artificial elevation of prices of raw and half-raw materials and textile fabrics, which serve for clothing. The high price of metals causes combustible materials to be preferred in building; hence the increase of fires. The high prices of sugar help to defeat those earnest men and women who labour to reduce drunkenness, and hinder the replacing of alcohol by cheaper drinks. Crime increases. The high price of paper assists ignorance.

The produce is reduced. To say nothing of the apathy which is developed exclusively by foreign competition or of strikes, which aim at the preservation of high prices and the regulation of the output, there appears to be a detrimental fact affecting the very bases of national produce. The rise in the price of the articles necessary for the development of industry is reflected in the development and improvement of national labour. Thus, the dearness of articles used for making roads of communication hinders the construction of railways and the development of navigation. Agriculture deprived of cheap roads and implements cannot succeed.

The protectionists say that by the constant excess of

export of grain the State will be impoverished, in consequence of losing a part of its constant wealth—the fruitful atoms not returned to the soil.

The insolvency of this argument is plain from the fact that the fruitful atoms will not be returned to the soil, whether the grain is exported to the neighbouring province or the neighbouring kingdom. Temporary protectionism has reigned at least thirty years in Russia, fifty in America, over twenty-five in France and Germany, and so on. Considering the speed of contemporary life, the frequent technical improvements, the excessive rapidity of adapting new methods of manufacture, a period of five years is in our times of more importance than twenty years at the commencement of the nineteenth century. Meanwhile, even now, ancient protectionism, pretending to be a creature of tender years, points out how long a time must elapse before it can come of age. It were useless to expect that, half a century later, old age will not consider itself youthful. Upholders of this doctrine think that temporary misfortunes are everlasting; that complications and enmity will be eternal between the nations which have faith in what is the natural termination of the whole matter, namely, the disappearance of the protective system.

The most successful protective combinations prove to be the most injurious. Exclamations of joy are uttered when a part of the taxes is levied upon foreigners. In an earlier passage we have already mentioned this delicate question. The transfer of taxation to foreigners as a secret aim, as a sweet fiscal desire of the protectionists, forms the most characteristic feature of their activity. The results are grievous. Without betaking ourselves to ethical reasonings, it is not difficult to affirm positively that every million of the budget paid from foreign sources, every mill, every manufactory, where foreign material enters burdened by a tax, forcibly paid by foreign producers, will always have a detrimental equivalent in the corresponding excess of battalions and ironclads. The scale will soon show that

the military expenses are heavier. Worse is to be expected in the future, when the scarcely tolerable burden of arming is replaced by the ruinous devastation of sanguinary struggle.

Various systems of fiscal duties pretend to realise the idea of free exchange. Discussing contemporary free-trading measures, not as a doctrine, but as concrete facts, we find little solace in them. As far as the protectionists are wrong in supporting their system, so far are they often right in attacking contemporary free-traders.

The abolition of absolute prohibitions of export and import of various kinds of goods, the substitution of prohibitive taxes by high taxes, the reduction of taxes, and certain simplifications of the tariff, have more than once saved whole countries from ruin, have more than once averted war. If the alleviation of unbearable burdens and the removal of obstacles to international exchange could be attributed to the free-traders alone, then only would their services be great. Evidence convinces us that the change from unbearable to hardly bearable, from ruinous to dangerous taxation, is effected chiefly from narrow and egotistical motives. On the edge of a precipice, we hurry to draw back. To soften the sharp antagonism, it is necessary to make certain concessions. The late agreement between Russia and Germany and other powers, and, in general, certain trade-treaties of recent times, may afford us a remarkable example of such compromises as avert the approaching catastrophe. In these compromises the free-traders have played a very insignificant part.

The united fiscal taxes for many industries may prove equal to a frankly protective tariff. If raw materials, fuel, machinery, workmen's clothes, are all of them taxed, the total is reflected in the cost of the produce, which can be discovered approximately when the manufactured article has to pay its due to the budget.

Fiscal tariffs have one great defect: they lack straightforwardness, serving the same interests as protective tariffs.

They hypocritically hide behind the great banner of free-trade.

The mistake of the free-traders consists in their not understanding the instability from which every fiscal custom-house system suffers. Even with low taxes, even when its aims relate exclusively to the excise aims, frontier taxation inevitably, as proved by the bitter experience of the last few decades, appears as the nucleus of a disease, which is dangerous even at its beginning. Protectionism is really similar to infection, as Leroy-Beaulieu very properly declared. As with infection, the danger passes away only when the injurious cause has been utterly destroyed. If it be not destroyed, the poisonous germs develop more and more. The analogy is not forced. It is sufficient to preserve small duties, to be able, under one excuse or another, by means of so-called patriotic agitation, to transform the free-traders' tariff into a protectional one.

England proves how dangerous are the excise taxations. She has adopted not an absolute but a relative freedom of trade, and has found it more acceptable to allow her colonies the right of establishing custom-house tariffs. Thirty years have passed since the time of Gladstone's tariff, and protectionism is becoming firm in all autonomic British colonies. But in the metropolis, notwithstanding the evidence, the daily wants of the nation, a movement is put forward, the aim of which coincides with the efforts of the landed gentry and the powerful plutocracy. The password is "Fair Trade" instead of "Free Trade." Foreigners introduce heavy taxes upon English wares. For this reason, with a view of fair trade, foreign raw material ought to be taxed on all English frontiers.

During the Jubilee of Queen Victoria, in the summer of 1897, all the Prime Ministers of the chief colonies of England met in London.

Patriotic inspiration, glorious reminiscences, and the consciousness of race relationship, brought forward many dreams and many plans. New leagues were projected; the establish-

ment of general legislation for the protection of literature and artistic rights, for the acquisition of civil rights, for matters in connection with commercial courts and bills of exchange, was discussed. The secret desire soon became evident. The United Kingdom presented a rich market for the disposal of raw products. A mass of grain, cattle, wool, hides and timber comes to England from her autonomic colonies.

The trans-oceanic subjects of Queen Victoria deem it an offence that the merchandise sent by them to the markets of the metropolis and merchandise brought by Frenchmen, Germans, Dutchmen and other foreigners should enjoy the same privileges of the free-traders' tariff: only tea, coffee, sugar, wine, currants, beer, malt, chicory and a few others are taxed. On the other hand, the manufacturers and mill-owners of the metropolis complain that the autonomical colonies have introduced autonomical taxes. It is necessary to be united. Let England permit the free import of the products of her colonies, and tax foreign goods. In return, the British colonies will establish differential tariffs. Small taxes, or even freedom from taxation, will exist for English goods; high taxes for all others.

Such attractive schemes at the outset had to deal with obstacles in the organic statutes of the British colonies. The metropolis would have to return to the tariffs which were destroyed by the great and famous efforts of the Anti-Corn Law League. Besides, there exist certain trade treaties, according to which it is necessary to observe the *clause de la nation la plus favorisée*; consequently, as long as these treaties exist, it is impossible to give superiority to colonial import.

Patriots declared that these obstacles were purely formal. The statutes of the colonies might be altered. Trade treaties might remain unrenewed. Lord Salisbury, after Mr. Chamberlain's visit to Canada, stated that he was ready to decline the trade treaties with Germany and Belgium.

But in addition to the formal obstacles, actual ones were found. The exchange of England with the colonies is considerably less than the exchange with foreign States. An obstacle in the form of taxes on foreign export and import for the majority of products will result in a great reduction of turnover. The colonies, besides this, desired a tax to be levied on the corn and beef which came from other States. Is it not really unjust that American and Russian wheat should pay no tax whatever, as does the grain that comes from the East Indies? Argentine beef does not differ from Australian.

If the taxes are increased, the price of bread and meat will rise. Consequently the improvement of colonial export will be reflected in the population. Their lot will become worse, owing to the rise in the price of food. The patriots say that both the country and the trade must make sacrifices for the sake of the future. Grand perspectives appear. At the opening of the Congress of the representatives of chambers of commerce of the Empire, in June, 1896, Chamberlain pointed out that the ties between England and her colonies were multiplied and developed. He was delighted by the splendid dream "which charmed statesmen both in the colonies and the metropolis." This dream represents the establishment of a union in which free kingdoms, taking advantage of their independent institutions, will be united for the defence of general interests and the fulfilment of mutual obligations, and will be joined together by bonds of loyalty, right and religion.

"The establishment of a Trade Union for the whole of the Empire will be not only the first step, but a great step, a decisive step, towards the realisation of the grandest idea that ever inspired the minds of British statesmen."

The idea of Chamberlain and the colonial Prime Ministers (Canadian and Australian) were, in reality, full of novelty for England.

This country has often travelled along the path of progress more slowly than other nations. Enlightening and humane

principles have been acquired by Englishmen little by little, with compromises, limitations and delays. More than once during the two last centuries other nations have had grounds to boast of reforms which in England were still desired goals, the objective points of her best intellects. But, nevertheless, the history of British statutes is remarkable for a valuable quality. England never went backwards. Whigs were replaced by Tories, but reaction, in the continental sense of the word, never occurred. Old orders were loth to give way to reforms, but the reforms gained were never revoked. The ancient appellations of the struggling parties became obsolete; Conservatives, Liberals, Radicals appeared, names unknown to Walpole, Pitt, Fox and Peel; but with the latest political combinations there was no room for return. In elective reforms, in legal rules, in the repeal of civil incapacity, in questions of local management, in Irish bills, in royal prerogatives, no reaction was observed.

The movement in tariff reforms also went forward, save when a few small increases (soon repealed) appeared after Gladstone's withdrawal in 1855. Duties were reduced never to be increased again, never to be re-established. These ancient traditions of England were to be replaced by a new course of "tariff reaction."

The dreams of imperial aggrandisement, because of which the prime movers in the Colonial League desire to bind the metropolis with the chains of protectionism, are hidden in the fog of the future. The immediate results are hunger and absence of work. To increase the profits of trans-oceanic planters, they desire, by means of duties, to reduce the exchange with European Powers. Consequently the amount of manufactured produce will be reduced, under two negative influences—the re-establishment of ancient, half-forgotten taxes, and the rise in the price of raw material. Colonial cotton and wool will not become cheaper, and, in exchange for Liverpool and Manchester goods, England will receive less merchandise from France,

Germany and Russia. It is still more evident in questions relating to the working classes. To protect the interests of African and Australian exporters, the English weaver and miner must pay dearer for bread and meat. It is said that the duty will be small and light. Suppose it to be so. Suppose that in reality, in years of good harvests, the poor workmen's families will not feel the excess of payment. In years of bad harvest, even the slight tax, with the addition of the custom-house expenses, will become an unbearable burden. It is said that at such time duties can be abolished; but bitter experience has proved that the abolition of duty on food occurs not *before* the typhoid fever that is one of the results of hunger, but *after* it.

As the patriots regard "a certain aggravation in the condition of the populace" with a light heart, will they not pay attention to the more objective *economical factor*?

There will be less work. Food will be more expensive; wages in England will be lower. Then the colonies, having concluded custom-alliances with the metropolis, will renew their complaints. The firmness of the alliance will become doubtful. An agitation will be commenced against trans-oceanic cheap labour and against cheap food. If slavery had existed for another twenty years, and had lasted up to the union of the universal market, a new economical school or party would have been created, rich in wealth and influence, which could have demanded tariff protection of free labour against the produce of slaves. Something similar will happen when taxation reappears in the English custom-houses, creating a heavy burden for the poor.

On July 30, 1897, England refused to renew the trade treaty with Germany. The treaty lost force in a year. The signs of economical reaction became serious.

What reasons shook the free-traders' tariff in the country which apparently had adopted it in its entirety? The answer is quite simple: the root of the disease had not been destroyed. Masked protectionism remained. Duties masquerading as excise still remain duties. British

frontiers were not free. All the custom-house ritual remained, in the expectation of the return of the golden times of the movable corn-tax. The tariff in the colonies (established with the permission of the English Ministers, who expected that, though injurious for foreign, this tariff would not be a burden for English firms) soon blossomed into extreme protectionism, especially in Australia. The threatening symptoms of reaction are natural results springing from the delusion of the free-traders—that free-trade can exist without free borders. Reaction would be impossible if the tariff—that is, the excise—of the years between 1860 and 1870 had gradually, say in twenty years, been reduced to zero, and all custom-houses and frontier cordons had been destroyed entirely; and, if Home Rule were granted to the colonies, efforts had been made to reduce, and not to increase, frontier taxation. Possibly in the years between 1880 and 1890 the colonies would have had only those duties which now exist in England, and the frontiers of the metropolis would be free. Then Queen Victoria's Jubilee would have given cause for another form of the union of the British Empire, namely, *the total abolition of all frontier taxation—the entire freedom of exchange.* Such an outcome would really be splendid and brilliant.

Such a union would cause no one disquietude; there would be no necessity to increase armies and navies, and all difficulties in industrial circles, both in the colonies and the metropolis, would be settled by amicable discussion. Each part of the British Empire would possess sufficient capital, knowledge, and social initiative to assist production without resorting to taxes, custom-house collectors, and armed frontier-guards.

Comparing reality with possibility, we are obliged to blame the free-traders for their shortsightedness. If frontier excises were sufficient for England to renew protectionism, then on the continent of Europe and in the United States the financial system of frontier taxation

approved by the free-traders would yield still greater fruits. *The infection of protectionism has to thank free-traders for its existence.*

Trade-treaties in our days are replaced by the systems of Bismarck and Melin. Fiscal duties have become war duties. Only the fear of punishment, only the fear of direct war, withholds contemporaries from imposing prohibitive taxes. Free-traders, agreeing with fiscal taxes, forget that the abolition of protective taxes is effected at a period when the national spirit is in an excited condition, a condition which disappears rapidly. When social life returns to its ordinary course, the struggle is unequal. Only disinterestedness upholds reduction; elevation is supported by egotism, which possesses very substantial means of attracting allies. The ease of frontier taxation inclines financiers in favour of the increase of duties. How dangerous and tempting is the ease of forming a new source of revenue is proved when we consider unchangeable paper-money, which appears regularly, now in one, now in another country, notwithstanding the decisive decrees of economical science.

When ignoring the great principle of free transmigration, the free-traders do not make a less serious mistake. We have already pointed out how national enmity is sharpened on account of obstacles put in the way of immigration. The total prohibition of individual movement is capable of destroying all the beneficial effects brought to pass by the free exchange of produce. Of the supporters of free-trade, Henry George dimly, and Leroy-Beaulieu with many limitations, are ready to permit free transmigration. Professor F. P. Martens explains himself more clearly in regard to the daily necessity of free transmigration for a people; but he, renouncing the obstacles created by fiscal arrangements and unsound thinkers, agrees with those limitations which are justified by the legal interests of territorial authority, the interests of State and economical order. The limitation is sufficiently wide to envelope not only all

legislative acts of an exclusive character, but even the most unbearable expositions of national antagonism.

Difficulties with regard to passports (which in these days of rapid transit are necessary measures) become so burdensome that they are not insisted upon in the large towns and favourite resorts of France, "the formal regulations of October 2, 1888, and August 8, 1893, being violated with the mute approval of the highest authorities." The demands made by the German authorities on the frontier of Alsace at one time dangerously affected relations between Germany and France, and caused "frontier incidents" which threatened complications, that is to say, war.

Thanks to the demands of free-traders and the encouragement of protectionists, the freedom of immigration becomes more and more limited.

The American law of 1882 prohibited the immigration of criminals (not political), idiots (?), and persons who could not maintain themselves. By force of this law the following number of people landing in New York were sent back :—

In 1883	1,350	persons
1884	1,144	„
1885	1,179	„
1886	997	„
1887	289	„
1888	502	„

In 1891 a new law was issued, which spread the prohibition to all persons who, being over sixteen years of age, should prove to be crippled, blind, unable to read and write, and suffering from such physical defects as might cause them to apply to charity. Immigrants who are members of societies which threaten life and property are not admitted.

In the following year, 1892, a proposal was made for a temporary total prohibition of immigration to the United States. But it would have been quite sufficient to give a

wider interpretation to the laws of 1882 and 1891 to suspend immigration. Who could prevent the American authorities from making such demands as would virtually stifle immigration? Few workmen would leave Europe if, immediately upon landing on American soil, a certificate were demanded stating that the immigrant was guaranteed a yearly income of a considerable amount.

Some instinct, some unconscious aversion, withholds the authorities of the great Republic from openly proclaiming that America is for Americans, and for Americans only. The fear of a too sharp and too sudden change had influence. How far the application of new and candid laws is deterred by the influence of unspoken fears can be proved by an example from France. The law of October 2, 1888, says:

"Every foreigner who has not received a right of temporary residence (*admission à domicile*), who desires to settle in France, shall, not later than fifteen days after his arrival, make the following declaration at the Mairie of the town in which he desires to reside:

(1) Name and family, and those of his parents.
(2) Nationality.
(3) Place and time of birth.
(4) Place of last residence.
(5) Occupation (or means of life).
(6) Name, nationality and age of his wife and non-adult children, if they accompany him.

The truthfulness of the declaration must be proved by documentary evidence.

The violation of these rules is punished by exile from the country—a measure which is in accordance with the law of December 3, 1849, clause 7.

In 1893 a new law was issued corroborating this, and compelling every foreigner making his appearance on French territory for professional, commercial, and industrial purposes to make a declaration agreeing with documentary proofs. The punishment is a fine ranging from 50 to 200

francs, imprisonment for six months, and temporary or perpetual exile from France. Although the law is definite, and permits no exceptions, local authorities, especially in fashionable watering-places (*villes de saison*), mutely release foreigners who reside temporarily for amusement or business (so long as it is not connected with trade or industry) or health from the presentation of these declarations. It is evident that they try to combine the strictness of the law with freedom of individuality.

"But if foreigners come for trade, professional or industrial occupation, they are subject *ipso facto* to the force of the law of 1893, and are bound without fail to present the information and documents in accordance with the said law."

The strict observation of the law would lead to reducing the number of foreigners arriving in Paris by half at least, and all watering-places would be still more deserted. The only merit of this law is the negative proof of the necessity for its immediate and mute violation.

Germany, Austria, Roumania, and even England, while opening wide the doors for tourists and rich travellers, sternly regard all immigrants who work for their living. England took measures to limit the immigration of poor Jews. This is a strange aspect of the matter, for if Jews are harmful, then the richer they are the worse it must be for the country receiving them. In other European countries the laws hostile to immigration are supplemented by administrative actions and the scant justice which legal authorities are disposed to evince towards foreigners when they protest against the antagonistic actions of the local population.

Certain States at present officially encourage immigration; such are the South American republics and Mexico. France in her colonies does not prohibit even Chinese immigration; but the administrative order of French colonies is such that even the unfastidious coolie prefers other places. South America is a country of small attractions, owing to military

upheavals, State bankruptcies and Ministries composed of thieves.

The emigration of Chinese to Peru, Germans to Chili, Italians to Brazil, is nearly stopped, if we may trust the statements made by Mr. Ionine. Only the free Argentine pampas attract waves of immigration, notwithstanding the constant revolutions, which not a little resemble sheer robbery, compulsory exchanges, and the suspension of payment on State and municipal obligations.

The real, simple, natural, Christian solution of the question of transmigration lies in the total freedom of the same. Every man, without distinction of nationality, language and colour, should be at liberty to live and work in any country, to remove whither he desires beyond the limits of his native land, to return at any time. The transmigration and movements of every adult should be entirely free.

Upon arriving in a foreign country, every immigrant should enjoy the immediate defence of the law. Political rights should be granted after five, ten or more years, in accordance with the laws of naturalisation. Such freedom would be a powerful stimulant, causing national union to act with continuously increasing power. When total freedom of transmigration becomes joined to total freedom of exchange, and State initiative and positive assistance of national labour take the place of Government interference and negative measures, then contemporary antagonism will cease, because of the exhaustion of all sources which nourish it.

CHAPTER X

Increase of Population and Free Transmigration.

VIEWS hostile to immigration are closely allied with the fear of excessive density of population, and are based on a belief in the doctrine of Malthus.

Modern research and facts recently proved permit us to abandon not only this gloomy theory, but also its conditional alterations and corrections. The works of Carey, Spencer, and Henry George, the statistical deductions of Leroy-Beaulieu, and the variation in the population of France, all taken together and compared with the newest data of natural science, result in a deduction which removes the chief argument of the enemies of free immigration—a deduction which enables us to picture the future in quite a different light from that which illuminated the Malthusians not very long ago.

To Carey belongs the merit of having struck the first blow at the very heart of the Malthusian doctrine.

Not possessing contemporary statistical material, the American economist pointed out that one human creature better endowed materially and spiritually than another multiplies all the more slowly the higher the degree of development attained.

"Great men," said Carey,[1] "have few children, and their posterity soon disappears."

Napoleon, Washington, Fox, and both the Pitts left no posterity; of fifteen Presidents of the United States, seven were childless, the other eight altogether had not more than twenty children.

[1] Carey's *Principles of Social Science*, vol. ii. pp. 303, 311.

In 1859 the number of English hereditary peers was 394, of whom 272 were created after the year 1760. From 1611 to 1819, 753 baronetcies became extinct.

According to Daru, the number of Venetian nobles in 1564 was 2,219, and in 1705, notwithstanding new creations, the number of aristocrats fell below 1,500. According to Rocher [1] eighty-five families of the Stettin trading aristocracy in 1739 had disappeared by 1859.

Herbert Spencer considered it proved that the capacities of multiplication become less in proportion to the rise of individual development.

At that time little attention was paid to the argument of Carey. J. S. Mill, in a later issue of his *Political Economy*, still accepted the deductions of Malthus.

Lorenz, Stein, Schmoller, Scheffle and Ad. Wagner differed little from Mill in this respect.

Proudon, Louis Blanc, Lassale, Rodbertus and Marks did not totally deny the doctrine of Malthus, because they all paid insufficient attention to this matter; they note only one side of the question, the increase of multiplication amidst poverty and ignorance.

The author of *Progress and Poverty* investigated the question fully. Henry George pointed out the logical insolvency of Malthus and all his followers, from Rickardo and Mill to Stein and Schmoller.

"Taken alone," says George, "the theory of the increase of population according to the series 1, 2, 4, 8, 16, 32, 64, 128 and 256, and the quantity of means of support as 1, 2, 3, 4, 5, 6, 7, nowadays can only provoke ridicule."

These plain calculations are proved to be hyperbolical. To support a doctrine so sympathetic to the rich classes, there appeared the theory of the wage-fund—now abandoned by all—which affirmed that during every period there existed a given sum of wage, destined to be divided between the claimants present, that is, the workmen. While referring to the present and the past, we can see no fact, no example,

[1] Rocher's *National Economie des Handels und Gewerbe*, p. 71.

on which the theory of Malthus can be based. ***Hunger and disease have never appeared as the consequence of excessive multiplication.*** In Europe the most densely populated countries enjoy the greatest welfare. In Asia the national masses of China and India experience heavy sufferings and perish in millions during years of famine, in no case on account of the density of population, but because of the impossible social and agrarian conditions, the absence of safety, and the fiscal exactions. Large areas in China remain uncultivated; rich coal-mines are not worked; the land in Bengal is tilled with the most primitive implements. In other parts of the world historical witnesses and late discoveries point out the once flourishing kingdoms. And in no age, and no country, did any one of the lost civilisations arrive at such a density of population as threatened to result in famine.

In the laws, customs and traditions of all nations we observe that a numerous population was always spoken of in congratulatory terms.

Still more convincing are the genealogies of rich and noble houses. If the instinct of reproduction is as strong as Malthus thinks, how are we to explain the disappearance of so many aristocratic families, which from generation to generation knew no want? The posterity of Confucius in China enjoy large privileges, respect, and an ensured position, and form the only hereditary aristocracy of the country. Doubling, according to Malthus and Mill, every twenty-five years after the death of the ancestor (2,150 years ago), the posterity of the learned man ought to be 859,559,193,106,709,670,198,710,528. In reality, the posterity of Confucius, instead of being such an inconceivable number, is not more than 22,000 men and women. It may be said that 22,000 descendants of one couple is an enormous increase; but the increase of descendants is not an increase of the population. "Smith and his wife have one son and one daughter, who, in their turn, marry, with the result that each has two children. Consequently, Smith and his

wife have four grandchildren; but this does not give a more numerous generation, because each of the grandchildren has four ancestors, two grandfathers and two grandmothers. Admitting that things progress in the same manner, the descendants will multiply to hundreds of thousands and millions, but in each generation there will not be more persons than in the foregoing generation of ancestors." Having considered the number of marriages contracted by the descendants of Confucius, we are convinced that their present number is evidently less than the number of their ancestors taken together in the male and female lines.

The capacity of multiplication in the vegetable and animal kingdoms, which is greater than that of mankind, proves that all articles which can serve for man's necessities are capable of increasing in unlimited numbers; and we know that man can increase the multiplication of useful, and limit the multiplication of injurious, articles. In reality, the quantity of food can be increased tenfold at the same time that the number of people is only doubled, so that the geometrical progression of means of subsistence and the arithmetical of increase of population are much nearer to the truth than the negative theorem of Malthus.

This can be true only as regards animals, insects, plants and fishes. With a large quantity of food they multiply very rapidly; with a small quantity, the number remains the same. If bears, and not men, had arrived after the discovery of America, then the number of bears would still remain the same, if not less, as at the time of Columbus, since the quantity of food suitable for bears would not have increased, and the conditions of life would not have been improved. To the share of men, millions of whom now populate the United States, more food falls now than was placed at the disposal of one of the few thousand first immigrants three hundred years ago. The means of existence have increased because the population has increased.

But this is not all. At the present phase of culture, means of existence are measured not by the productiveness

of the place where a group of people settles, but by the productiveness of all the land. It is impossible to reduce the water level in the smallest gulf or bay without reducing the level of the oceans; similarly the productiveness of a certain place cannot be reduced without the reduction of the productiveness of the universe. Fifty square miles under the present conditions of agriculture cannot nourish more than several thousand men, but at the same time on such an area there live the four million inhabitants of London, receiving all the necessary quantity of food.

The Malthusian theory is founded upon mistaken analogy. Having observed the doubling of population in certain conditions, the Malthusians based all their arguments on this fact. They are as mistaken as Adam would have been had he calculated the future weight of his firstborn on the base of his weight being doubled in eight months. At ten years of age the boy would have weighed as much as an ox, at twelve as much as an elephant, and at thirty no less than 175,716,339,548 tons.

A large number of births is the lot of a country where the intellectual side of life is developed freely; as, for instance, amidst agricultural immigrants in a rich virgin country, or in a land of poor nature, not much affected by civilisation, such as the Highlands of Scotland, where Adam Smith saw hungry women surrounded by twenty children.

The source of wealth and welfare is the free labour of a great population. The yearly increase of population in England is over 2 per cent. Her wealth increases more rapidly. In twenty-nine years, aided by immigration, the population of the United States was doubled; the wealth was certainly doubled more rapidly. Comparing Massachusetts with Mexico, England with Brazil, we are convinced that the more densely populated countries, even though of a poorer nature, are wealthier and more prosperous.

Such are the general features of the deductions and data

with which Henry George refutes the doctrine of Malthus.

Though sufficiently convincing for every unprejudiced person, these deductions, in development of the theses supported by Carey and Spencer, did not convince all. New Malthusians still exist. The Malthusian periodical was first issued in 1879, and exists to the present day, and a Malthusian league was established in London. What is still worse, State policy is opposed to the right of immigration.

The stagnation of ideas was always great. It is no cause for wonder that, although shaken to the base, the theory of Malthus still exists.

During later years the movement of the population in an advanced and wealthy country has confirmed the opinions of Carey, Spencer and George. A tendency to decrease of population has been displayed in France.

Since the commencement of the ninth decade the preponderance of births over deaths in France commenced declining gradually, but surely; and 1890 yielded the first, except in the years of the great war, reduction of the population, which fell 38,446. It is said that the excessive death-rate was caused by the epidemic of influenza. But in 1891 and 1892, though the epidemic was weakened, the figures still showed a decrease amounting to 10,505 in 1891 and 20,041 in 1892. In 1893 there was neither increase nor decrease. Leroy-Beaulieu[1] says that it would be too hasty to affirm that henceforward the population of France will (irrespective of immigration) gradually and continuously diminish; but we may consider that the population will remain nearly stationary, with a chance of diminution in the future ("On peut considérer que la population restera stationnaire, avec les chances plutôt à la décroissance").

The deduction will be less optimistic if we are guided by the number of births and deaths in France during the nineteenth century.

[1] *Traité d'Économie Politique*, vol. iv. p. 525.

PER THOUSAND INHABITANTS.

Years.	Births.	Deaths.
1801-1820	32	27
1821-1840	30	25
1841-1870	26·5	23·5
1871-1890	24·5	23·2
1891-1893	22·6	22

According to information given by Bertillon, the number of births for every thousand women during the late years is:—

Among the very poor	108
„ „ poor	93
„ those of moderate means . . .	72
„ those handsomely provided for . .	65
„ the rich	53
„ the very rich	34

Bertillon thinks that, if the present tendency continues, in 200 years France will become a third-rate State, and in 500 years will disappear entirely.

The average number of legitimate children per marriage is shown in the following table:—

Years.	Average of Births per Marriage.	Years.	Average of Births per Marriage.
1800-1805	4·24	1851-1855	3·11
1806-1810	3·84	1856-1860	3·04
1811-1815	3·49	1861-1865	3·07
1816-1820	4·08	1866-1870	3·15
1821-1825	3·84	1871-1875	2·80
1826-1830	3·58	1876-1880	3·09
1831-1835	3·48	1881-1885	3·08
1836-1840	3·26	1886-1889	2·96
1841-1845	3·21	1890-1893	2·77
1846-1850	3·23		

The figures are inauspicious. Their importance is increased if we consider that the average level of births is upheld in several departments, where the old simplicity

still survives, and where the number of children is great. These departments will not long remain exceptions from the general rule. As these departments become civilised, the number of births will diminish.

The depopulation of France is the talk of the hour. Malthus and Mill would be greatly astonished had they lived to our days; they would have observed a country where all the conditions necessary for the increase of population exist, and where the death-rate decreases yearly, but the population displays an evident tendency to diminish, although society, the press, the pulpit, and authorities, look for means to increase the number of marriages, and to increase the progeny of every marriage.

Up to later times the new Malthusians had one contradiction: France presents an exclusive phenomenon; other nations multiply more rapidly. In Germany the yearly increase is 500,000; the English nation increases; Belgium and Switzerland display no depopulating symptoms. But Leroy-Beaulieu says that in this respect it is satisfactorily proved that France only goes in advance of other civilised nations. In the life of Frenchmen, those phenomena are displayed towards which other nations are advancing.

The population of the United States was—

In 1790	3,929,827
1800	5,305,925
1810	7,239,814
1820	9,654,596
1830	12,866,020
1840	17,069,453
1850	23,191,896
1860	31,445,080
1870	38,558,371
1880	50,155,783
1890	62,981,000
1893	66,826,000

The increase of population is very rapid; but to judge the natural increase it is necessary to take into considera-

tion the enormous immigration, both free and compulsory. Further, it is necessary to consider that the descendants of the immigrants should be counted separately in each of the consecutive periods, if we wish for precise information with regard to the natural increase of the original white population. Leroy-Beaulieu considers that the influence of free immigration in 1840 is expressed, at least, by the figure 2,500,000. Deducting the number of negroes and mulattos (2,873,630 in 1840),[1] we see a population of about 11,000,000 against 4,000,000 of half a century earlier. Simple, almost patriarchal, habits, the decisive predomination of rural life, the small number of large towns, helped to cause the greater number of births, resulting from the early and numerous marriages, the consequence of Puritan customs.

After 1840 the conditions were gradually changed. Making calculations based on the census of 1840 and that of 1890, and putting aside the influence of war and immigration, Leroy-Beaulieu,[2] using Bertillon's data, calculated that during the quarter of a century from 1840 to 1865 the increase of population would be expressed by 57·87 per cent. instead of 100 per cent., as required by the doctrine of Malthus, and that from 1865 to 1890 the yearly natural increase would not be more than 1¼ per cent.

Leroy-Beaulieu said that the Americans were sadly surprised when they made the acquaintance of the latest statistical data. In the census bulletin No. 12, October 30, 1890, it was considered proved that "the law of population consists of the fact that, disregarding war, disease, emigration and immigration, the increase of population goes on at a continually diminishing rate."

According to data gathered by the Italian statistician, Bodia, still more decisive deductions are derived from the data for 1886–1892 in the three States—Massachusetts, Connecticut, and Rhode Island—where the birth-rate is relatively 26·2, 22·6, and 24·3 per thousand inhabitants.

[1] Jules Duval's *Histoire de l'Émigration.*

[2] *Traité d'Économie Politique*, vol. iv. pp. 554–558

These three States, with a total population of 3,300,000, have long served as attractive ground for Irishmen, Germans, and French from Canada, three races considered to be more than any other inclined to multiplication. All of them, under the influence of plenty, education and freedom, lost a considerable degree of their prolificness.

According to the information of Bodia, the United Kingdom, which more than all others multiplies its population by natural increase, yields the following number of births per thousand inhabitants for every three years:—

Years.	England and Wales.	Scotland.	Ireland.
1874–1876	35·9	35·5	26·5
1877–1879	35·4	34·8	25·8
1880–1882	34·0	33·6	24·4
1883–1885	33·4	33·0	23·8
1886–1888	32·0	32·0	23·0
For 4 years, 1889–1892	30·8	30·8	22·7

It is possible that the information respecting Ireland will create doubt. Hard agrarian and political conditions complicate the other influences. But between 1874 and 1892 the condition of the national mass was better; Gladstone's agrarian bills ought to have alleviated the calamities. But no doubts can exist concerning England and Scotland. The birth-rate has not yet fallen as low as France, but is advancing towards it at the same time that an evident improvement in the material and intellectual level of the English towns and villages is to be discerned.

In Germany the population increased very rapidly after Napoleon's wars. To judge of the true increase in consequence of the greater number of births in comparison with deaths, it is certainly necessary to take emigration into consideration.

In 1816 the population was . . .	24,833,000
In 1890 „ „ . . .	49,966,000

Consequently twenty-five millions were doubled in seventy-five years.

To eliminate the influence of emigration, we can take the excess of births over deaths for a stated period, and then compare the real figures of the population.

From 1841 to 1865, 33,688,602 births and 25,009,864 deaths are registered; the increase is 8,558,738; the actual natural increase was less (owing to emigration), and was equal to 6,561,000.

Great though such a natural increase is, during the foregoing period of 1816 to 1840 the increase was relatively more rapid. Omitting the period of war, and passing to later years, we have the following data in regard to births:—

	Average per 1,000 Persons a Year.
1874–1876	40·5
1877–1879	39·3
1880–1882	37·3
1883–1885	36·9
1886–1888	36·8
1889–1892	36·2

The continually diminishing rate of births should pacify those German patriots who fear the over-population of their native land.

In Belgium a great difference is observed in the increase of the population of the Flemish and French provinces.

The former, with more primitive customs, yield a greater increase (from 32 to 36 per thousand); the latter, where the movement for the general welfare and culture commenced earlier, give an increase of only 25 to 26 per thousand, and are evidently approaching the low rate which causes consternation in France. In general, the population of Belgium, a country of relative welfare with low taxes, increases, but the rate of increase is continually falling. In the years between 1830 and 1840, with a poor population, the increase varied from 31·46 (in 1832) to 35·24 (1838). In our times, with an undoubtedly better educational and

monetary condition, the highest rate, in 1881, was 31·78, and the lowest, in 1890, was 28·98. Leroy-Beaulieu, taking Belgium for an example, states that if with the rapid change from poverty to wealth a certain increase in the birth-rate follows, this appearance soon passes away, and is quickly balanced.

The average birth-rate in Switzerland during the seventh decade was 31·3 per thousand. The rich and educated Cantons of Geneva and Vaud had only 22·72; the poor and patriarchal Schaffhausen, Glaris, Svitz, Appenzel, and Uris had 34.

Thirty years later, the average rate fell to 29·12. In 1892 the birth-rate of Geneva was only 21·84.

Such is the information concerning the increase of population in the richest and most civilised countries. We give no information concerning Russia, as no accurate data exist earlier than that supplied by the census of 1896.

To a greater or lesser extent, the increase of population of all nations depends upon one law—the fall of the birth-rate. Italy is the only exception. There, for nearly a quarter of a century, the rate of births has remained nearly stationary, at 37 per thousand.

This exception only confirms the rule. Excessive taxes, creating an economical standstill, do not allow the Italian national masses to emerge from the condition of apathy which predominated in the dark and long ages of national degradation and oppression. Only during late years has national education made some perceptible progress.[1] The vital necessities of the nation have scarcely changed in villages and towns; but, nevertheless, the increase of population has fallen, although only a little (0·03 per cent.). Leroy-Beaulieu supplements the data of Rocher and Carey by facts of French genealogy. The French Crown several

[1] Of the persons over sixteen years of age in 1861, 68 per cent. of the males and 81 per cent. of the females could not read. In 1891 the number of persons married who could not write their names represented 41 per cent. of the men and 59 per cent. of the women.

times passed to side branches, and many historical families (for example, Montmorency, Condé, and others) have not left a single descendant. The poets Chateaubriand, Lamartine, and Musset had no offspring, and Hugo left only two grandchildren. Admitting that vice and eccentricity influenced the barrenness, we must discuss mankind with its real, and not its imagined and desired, qualities and influences.

According to the opinion of Leroy-Beaulieu, the latter facts, proved by comparative demography, illustrate the complete falsity of the doctrine of Malthus, and lead us to contemplate the opposite danger. It is evident that a country with a stationary figure of population is the forerunner of other nations which, sooner or later, will arrive at the same condition of standstill, with a tendency to diminution. Under the influence of abundance, moral movement, and love of independence, the population will, it is thought, decrease gradually.

Simultaneously with the decrease of the number of births, the death-rate decreases, so that with the same number of births the population increases. The improvement of material conditions increases prolificness among the simpler members of the population. Civilised man is generally disinclined to have a large family. Among the causes influencing the diminution of natural increase, Leroy-Beaulieu points out: (1) The compulsory education of children, owing to the prohibition of child-labour, and the greater cost of education. Formerly a child seven or eight years old was a work-hand; now children up to the ages of fourteen or fifteen are only an expense. (2) The fact that early marriages, owing to material considerations, become fewer year by year, the consequence being that births decrease in number, since only early marriages yield a numerous offspring. (3) The emancipation of woman. The advance of woman is also a cause of the decrease in the number of marriages. If she does not quickly find a husband, a woman decides to renounce all ideas of marriage,

and makes efforts to create an independent place for herself. On the other hand, if by some happy chance a woman attains material independence, she is less inclined to marry. Even supposing that she marries, she often pursues her profession, and does not desire to have many children, who are an obstacle to her pleasure and success.

To Leroy-Beaulieu will always be attributed the merit of having finally crushed the doctrine of Malthus. The French economist finished the work commenced by Carey, Rocher, Spencer, and George.

It is to be regretted that Leroy-Beaulieu, in accordance with his general custom, avoided making deductions from his propositions. In addition to the above, there exist purely moral factors reducing the number of marriages, but these he does not mention.

A sufficient and humanitarian education gives a wide sphere to the natural and higher inclinations of man. In the civilised society of to-day the outer form of marriage is an entirely free agreement crowning the mutual attraction.

Marriage acquires its full meaning when there is a firm sense of individual freedom, owing to the ensurance of material and moral wants; and the greater the number of persons receiving this benefit, the more confidently marriage is looked forward to as a desirable action, becoming less and less a matter of economical barter and primitive sexual inclinations.

But as soon as marriage, thanks to prosperity and education, is set in those natural conditions which are equally sacred in religion and reason, the number of persons who appear in the list of the unmarried becomes greater.

Werther fell in love with Charlotte. Charlotte was married to another. After pining for a time, Werther committed suicide. No wealth could save him. He had never known want, but he could find no substitute for the beloved woman. Marriage became an impossibility, because Charlotte was lost to him.

He who gave us the story of Werther and Charlotte possessed wealth, health, and fame; women loved him for his appearance and his genius. He never gave way to vice. More than once he was on the verge of marriage, and only in his latter years did he enter into an unequal marriage. Byron, like Goethe, loved and was loved often. He married young, but soon was separated from his wife. Musset and Tourgenieff in their youth never met with the maids whom they could have led to the altar. It will be said that they were all exceptional natures; but though few can be poets, very many can possess keen feelings in their personal inclinations and passions. Bachelors and young widowers are viewed by short-sighted economists and statisticians as egotists, who do not wish to share their wealth or earnings with a family. In reality, in the deep recesses of the souls of all a drama is hidden, which it is difficult to set in the frame of political economy and statistics. Novels and stories written by talented authors, works in which knowledge of the human heart is displayed, explain better than economists the cause of the general decrease of marriages, especially early ones.

Literature is the reflection of life. Women, more than men, could relate, if they wished, those critical moments of their life when the fatal question of happy union with the beloved being or a lasting loneliness had to be settled.

The spread of education among the masses evidently leads to the fact that emotion of the finer order, which was formerly the lot of the high and middle classes, will in one or two generations be spread to all grades of society. Patriarchal morals disappear; Puritan demands lose their prestige; parents lose the right of settling marriages. The workman and peasant desires to wed her whom he loves. A young girl of the nation will give her hand only to the man whom she loves.

Late marriages, as proved by the above data, and as may be supposed *à priori*, yield fewer children. The number of the latter decreases independently of the time of marriage,

owing to two causes. First, according to the deductions of Carey and Spencer, with the elevation of the individual type, the productive capacity decreases. Secondly, the growth of a more conscious regard of life, under the influence of plenty and education, creates in the persons married, especially in the mother, a disinclination towards a large number of children.

From this it is manifest that a fatal power draws all nations nearer to that form of movement of the population which is already to be observed in France; in other words, to the equality of birth and death-rates, with a tendency to a yearly decrease. With the contemporary rapid flow of universal life, hardly any nation will need a century in which to become equal to France and to reach the French social level. Within these hundred years, according to the deductions of comparative demography, the doubling of the number of inhabitants of the earth is the maximum which can be expected as the percentage of increase; and everywhere it presents a declining progression. Consequently, with the doubling of the population, the further increase will be stopped. Hence it is plain that the maximum number of population will always find sufficient territory in any place of the globe.

According to data of French demography, with a marriage percentage $\frac{269–290}{38·3}$ (where the numerator is the number of marriages in thousands, and the denominator the number of inhabitants in thousands), or with 7·2–7·8 marriage per thousand, a death-rate of 22–22·8 per thousand, and the birth-rate 2·66–2·77 per marriage, we observe a decrease of from 0·02 to 0·10 per cent. in the population. Summing up the causes which prevent the existence of a sufficient progeny, we can state four such causes: (1) Early death before the marriageable age. (2) Disinclination to marriage. (3) Childless marriage. (4) Marriage resulting in only one or two children.

The first cause will weaken its influence with the

decrease of death in infancy or youth. But everything causes one to suppose that the second, third, and fourth causes will act with more power in the future. It is quite plain that in the near future in France, and in the not distant future in all other countries, with the spread of education and welfare, we must foresee a still smaller number of marriages and a still smaller average of children to each marriage, possibly not more than 2·25. From what has been stated above, it is impossible to conclude that the rate of yearly decrease, which in reality has already been 0·01 per cent., could show a tendency to further increase.

It is difficult to say how far it is possible consciously to counteract the rapid decrease of population. But we ought not to lose sight of the lessons taught by biology and historical facts.

The disappearance of powerful and famous families is instructive, and not only on the factical side.

Early marriages, careful preservation in childhood, and the choice of healthy mothers, were characteristics of those ages when individual independence was sacrificed to family interests, when obedience to the head of the family was upheld by laws and traditions. During the latter centuries wars became less destructive, crimes less frequent, and diseases not so dangerous. But, nevertheless, kingly and aristocratic races have disappeared, leaving scarcely a trace behind them.

In our days it is difficult to induce a young man to marry early in order to ensure a progeny, or merely for the interest of the race.

The disappearance of one's family within a hundred years, and of one's nation within several ages, will hardly serve as a decisive argument for many.

We think that only a very rapid decrease can cause a reaction *to such an extent as was contemplated by those who suggested that a premium should be paid for the sixth or seventh child, or a tax imposed on bachelors.* After the

decrease that has already been witnessed in advanced countries, other small shrinkages will be mutely allowed.

The actual law of population may be expressed thus: *With the attainment of relative welfare, with the development of education and the strengthening of individual freedom, the population of every State has a tendency towards a slow yearly decrease.*

During the twentieth century the population of the globe will scarcely rise to 3,000 millions. In the twenty-first century, possibly, as now happens in France, the development of culture will stop the further increase of population. For the universe 3 milliards in 2000 A.D. will be as fatal a total as 38 millions was for France in 1900. The new Malthusians do not draw back before calculations for the future thousand years. They say, supposing that the increase of population is retarded, and is doubled in a hundred years, then:—

	Millions of Inhabitants.		Inhabitants per square kilometre of convenient land.	
	In Europe.	On the Globe.	In Europe.	On the Globe.
In 1900	400	1,600	67	15
2000	800	3,200	134	30
2100	1,600	6,400	268	60
2200	3,200	12,800	536	120
2300	6,400	25,600	1,072	240
2400	12,800	51,200	2,144	480
2600	51,200	204,800	8,576	1,920
2900	409,600	16,038,400	68,608	15,360

Continuing the calculation for another thousand years, we arrive at a terrible want of space.

If, copying these thinkers, we make a calculation according to the actual law of population, commencing from the statement that a decrease of 0·01 per cent. has already been observed at a time of total peace in a wealthy, educated, and free country, the following figures will be much more true for the distant future:—

INHABITANTS ON THE EARTH:

In 2,000	3,000,000,000
3,000	1,106,287,299
4,000	406,372,874
5,000	149,442,000

The future of mankind is pictured not in the form of a gigantic struggle for the existence of milliards of people, but in the sad lot of the last man, who, gathering together his vanishing forces, sets the symbol of Redemption over his grave, which no one will be left to close for him.

The limit of increase of population is undoubtedly near. And as the most densely populated countries can sustain a population at least four times greater, the chief argument against free immigration disappears. For France immigration is already a valuable benefit.

Ubi bene ibi patria! The enemies of free transmigration consider this legend as the only stimulus of human actions. Where the climate, political order or wages are better, thither flow abundant streams of immigration from all sides.

In reality the ties of man and his native country are very close. History, biology, ethnography, and daily observations prove that only the extreme degree of material sufferings and moral degradation causes people to emigrate. The comparison of the better lot of a foreigner with one's own condition in life takes place only under pressing circumstances.

Climate appears as the first mighty obstacle, even to temporary transmigration. In the tropical zone, where eternal summer reigns, and where the soil yields a hundredfold in return for labour, Europeans can preserve their health only in a few places. On the contrary, for those myriads of men who were born in the tropics, two or three months of our cold are unbearable. Even a slighter difference is hard to bear. The majority of Russians prefer a cold winter with severe frosts and abundant snow and a

hot, dry summer to the damper climate of the west. For a Frenchman, a Spaniard, or an Italian, the need to use sledges during a third of the year would seem a calamity, while Russians and Swedes consider them a pleasant part of existence.

Beside the climate, the orography of the homeland makes an ineffaceable impression upon the native inhabitants.

Alpine green valleys, surrounded by snowy mountains, with rapid torrents falling into blue lakes, will always attract a Swiss, no matter whither fate leads him. On the contrary, the inhabitants of plains find nothing more attractive than endless prairies. Chinese, according to most observers, are devoid of patriotism. But it is known that these industrious immigrants, out of their small wage, from year to year, lay aside farthing after farthing, to be able to spend their last days in their native land. And as the very simple statistical deductions make it plain to them that this lot is reserved for few, in consequence of the excessive hardship of their lives, the savings are destined to cover the expense of sending the body to the native land for burial near the temple most sacred to each.

In happier countries than China and India, national traditions and beliefs never harmonise with the forsaking of the native land. Among the intelligent poor the acknowledgment of great defects in the condition of the native land, its poverty, and its stagnation appear not as an impulse to emigration, but as a sign of the fulfilment of a duty.

The great emigrations of Europeans to America, Australia, and Africa during the nineteenth century depended chiefly upon agrarian troubles. Of greatest consequence was the distribution of landed property and the obstacles to its passing into the hands of labourers in England, Ireland, Germany, and Italy. Free lands beyond the ocean on the one part, majorats, landlords, and interdicted properties on the other, together gave to European emigra-

tion a remarkable impetus. The greatest percentage of emigration came not from the most densely populated localities. Ireland and Mecklenburg, with their comparatively thin populations, supplied the greatest percentage of emigrants. The cause was want of land. The same was observed in England and Italy.

Most of the emigrants are adult men, ranging from fifteen to forty years of age. Less than forty per cent. are women. Children are few. Hardly any old men or sick are to be found among them.

The majority of the new arrivals bring savings with them.

War, with all its attributes and consequences, formally condemns all civilised governments to inactivity in the struggle with national wants.

Tens of thousands of work-hands fly from the manufacturing districts of England and Germany, forsake flourishing towns, suppress their love of home, endure home-sickness, but save themselves from an unbearable life, being convinced that the Government has not always means to save the nation from famine, because all surplus wealth is spent in the defence of the universal order of affairs that has been created by national antagonism.

The growth of international dissension increases the number of emigrants. The desire to emigrate increases as the political horizon becomes gloomier, and anxiety in regard to personal safety puts aside all other questions. Free frontiers bring to pass opposite results. Antagonism is softened, and aggressive inclinations decrease.

With the repeal of prohibitory and limiting measures aimed against immigration, the causes which force national masses to seek fresh fortune in foreign lands will gradually disappear.

Countries which throw open their frontiers for immigration sow peace in other lands, and themselves become peaceful. The sources of material welfare and the stimulus to peaceful development are developed on both sides of a free border.

How futile it is to limit immigration is seen from the consequences of the application of the laws of 1882 and 1891 in the United States.

We are informed as a decisive argument that the State of New York yearly spends over 20,000,000 dollars in caring for the poor. All Germany spends a less sum. But about the same sum of money would be spent even if there were no influx of poor immigrants. Even though from ten to fifteen millions be spent in relief of needy immigrants, the municipality of the State would not suffer any loss. It is well known that immigration created the wealth of the Union. The more rapid development of the States increases the wealth of New York. Its inhabitants and municipal and public exchequers are very likely indirectly remunerated tenfold for all the losses and expenses caused by the weekly arrival of ten or fifteen thousand emigrants from beyond the ocean.

The Russian Minister of Finance, Count Kankrine, considered railways harmful, because the facilitation and cheapening of travel aided man's passion for rambling. At the end of the nineteenth century the supporters of the struggle with free transmigration and the abettors of frontier limitations are seemingly of a similar opinion.

CHAPTER XI

Free Transmigration and Wages.

IT is because of the fear that free immigration will cause wages to fall that various prohibitions and limitations are popular. If any country is lucky enough to have its working classes well paid, this good fortune, it is presumed, must soon disappear as a result of the influx of cheap working hands from beyond the border. American labourers, it seems, should make efforts to raise all possible obstacles against European emigrants, because there are no more free lands in the Far West, and whither will the crowds landing from steamers go, if not to the railways, mills, and factories of the Eastern States, where wages will consequently fall to the lowest level? How then is the high standard of life of the American workman to be preserved?

Will not the population of England and France be impoverished if competition on the labour-market is increased, owing to the invasion of hungry and economical foreigners?

All theories of this kind had a firm base as long as the theory of the wage-fund existed and was believed. As long as wages were considered the result of arithmetical division and the number of workmen the divisor with a constant wage-fund, then every increase of the population, whether it was caused by natural increase or immigration, reduced the wage. When the wage-fund theory was abandoned, it might have been expected that free immigration would be considered as little dangerous as free marriage. But although the false doctrine disappeared, its deductions remained. Many legislators and agitators

hunted for cheap popularity. But the question was investigated very feebly by thinkers. The Press, with an ardour worthy of a better cause, incited the labouring classes against immigrant competitors.

Orators in parliaments and at meetings, if they attacked immigrants, had a chance of becoming famous, as defenders of high wages. The truth is that contemporary immigration is only to a very slight degree capable of reducing wage for a long time. If we discuss the chief factors which influence the remuneration of labour in modern civilised States, we see that any of these factors proves stronger than immigration.

According to the investigations of the American "Labour Department," the average yearly wage of an adult man was, during the last few years, a little more than one hundred pounds sterling; the average for the region embracing England, Germany, Belgium and France was seventy pounds. The average immigration to the United States for the last decade is considerably over 500,000 persons yearly.

We are told that no free lands remain in the Western States; consequently the greater part of immigrants remain in the Eastern States. But the wages do not decrease, and millions of immigrants do not reduce wages to the same level on both sides of the ocean.

Nevertheless, we admit that if general reduction of wages in North America has not yet commenced, it may soon commence. Threatening symptoms exist. Proletariat and pauperism appear in the States. Admitting the possible approach of such calamities and misfortunes, we affirm that in this case free immigration plays an insignificant part. It is desired to prohibit or limit immigration with the aim of averting the competition of foreign cheap labour. But then, why is machinery permitted to be imported?

New inventions, machinery, and improvements of machinery quickly follow each other, and present such an

evident danger to labour that all inconveniences from the invasion of immigrants pale before them. Irishmen and Italians arriving at New York and Marseilles are ready to labour for a *smaller* pay, but machinery *entirely deprives* thousands of work.

Having reached the farm of the Far West, the European emigrant fears that a few poor Chinamen may reduce the price of ploughing, threshing, and other branches of work, but it will be still sadder if he meets not with living, but with inanimate competitors, such as sowing, winnowing, mowing machines, steam ploughs, and so on. Railways deprive thousands of carriers of a means of earning their bread; tramways play the same part in towns. How far must street messengers reduce their demands to compete with telephones? For loaders of grain, elevators are far more dangerous than the influx of coolies. Hand labour is daily more limited in mills.

Prudhon, in his *Contradictions Économiques* (4 ed. I. part, pp. 148, 149),[1] speaks as follows concerning the influence of machinery on manual labour:—

"By reducing the hardship of labour, machines limit and reduce the labour, the demand for which daily becomes less than the supply. It is true that the reduction of price increases the consumption, and so the relation is re-established, and the workman required again; but, as technical improvements appear continuously and are always making efforts to supplant hand-work, it is plain that there exists a constant tendency to reduce the work, and consequently limit the produce of workmen. The question is not intimately concerned with the small number of changes which appeared during thirty centuries, owing to the introduction of one, two, or three engines; the question concerns the regular, constant, and widespread phenomenon."

Prudhon considers it advisable that new machines and

[1] Citing Leroy-Beaulieu's *Économie Politique*, vol. i. p. 399.

inventions should be exhibited in museums for a decade, but not used.

Sismondi asked the supporters of rapid, uninterrupted, and endless progress of science, What will become of the labouring classes of England when, in the future, inventions advance so far that one man will be sufficient to drive all the mills and factories of the country?

Gide, among late authors, acknowledges the ruinous action of machines on the fate of labourers, and with bitterness points out that agricultural machines do not increase the harvest, but only reduce the amount of labour (*Principes d'Économie Politique*).

The feelings of the nation were always antagonistic to machines.

Rocher and Leroy-Beaulieu collected many interesting data concerning the struggle waged between authorities and the labouring classes with regard to machines.

When the first printing-press made its appearance, many writers demanded the excommunication of all who worked in printing offices.

In the sixteenth century the town of Dantzig prohibited the use of the first ribbon machines; and the inventor, Moller, was drowned by the populace. In England, Holland, Switzerland and Germany these inventions were still prohibited in the seventeenth century. The senate of Hamburg ordered these machines to be burnt.

In 1623 Holland prohibited mechanical saws driven by wind.

About the same time France prohibited the mechanical produce of buttons.

The first steamers used in fishing were broken to matchwood by fishers.

In Lyons, Jacquard, the genial inventor of the loom for flowered stuffs, was thrice obliged to save his life from the enraged crowd.

In 1830 English farm-labourers destroyed new ploughs and the improved agricultural implements.

Even in our days similar cases occur. In Mexico the attitude of the poor mule-owners was long an obstacle to the construction of railways. Frequent strikes were caused in Western Europe by the introduction of mechanical appliances which reduced the number of workmen. Between 1875 and 1885 in many European ports carriers tried forcibly to hinder the construction of elevators.

During the strike of the Belgian glass-blowers a new furnace was destroyed, as an object of general hatred, because it quickened and cheapened production, and made the work easier and less injurious. Efforts were made to sum up the influence of machinery and inventions. The plainest of these is John Mollinson's *Letter to Merchants, Manufacturers and Operatives.* By his calculation the productive force of machinery in England in 1792 was equal to 12,000,000 men, and in 1840 to 600,000,000 men.

If the demand did not increase, then Sismondi's hyperbole would not be far from the truth.

One thing is evident: the surplus cheap labour, the pressure of which, it is feared, would reduce wages, is nothing in comparison with the invasion of machinery. If, during the half-century from 1792 to 1840, half a million immigrants had yearly arrived in England, their total number (including offspring) would not be more than 40,000,000 workmen. Machines yielded twelve times more than such an unrealisable influx of labouring hands. If we confine ourselves strictly to the point of view advanced by contemporary enemies of immigration, and bring the influence of machinery to one measurement with the influx of labouring hands, then for all the world a phenomenon is created which may be compared to the arrival of workmen from other planets. The inventions of Watt, Arkwright, Stephenson, Morse, Edison, Bell and others caused such a perturbing effect as could not have taken place if all the population of India and China had emigrated to Europe, America and Australia. When, for instance, ten workmen in a certain country produce 48,000 pins a day, then cheap

competitors are dangerous. Now a machine is at work with which one operator produces 600,000 pins a day. In other words, one man and a machine do the work of 120 men. What is the importance of immigration compared to this?

In his last great work, Leroy-Beaulieu appears as a fierce defender of machines. He finds that the diatribes and fears of Prudhon and Sismondi, though not out of keeping with the events of their time, are valueless to-day. They wrote when industry was in a chaotic condition, owing to the sudden change from hand to machine work; when work-people lacked knowledge, organisation, mutual help, savings, and laws for defence against the abuses of the employers. Now the labouring masses have a certain education and a right of association, and are better able to put aside small savings. Finally, the law gives complete safety, and protects women and children.

Further, Leroy-Beaulieu insists on the following peculiarities of machine work:—

1. Machines liberating a certain portion of labour at the same time liberate a certain portion of capital and profit. This profit, being liberated, creates a new demand for goods; this capital yields a means of satisfying the increase of demand for goods, and, thanks to the appearance of new capital and new profit, the labour that has been crippled by the introduction of one or another machine finds a new adaption. This theoretical supposition is confirmed by many examples. With the introduction of the latest printing press, the number of workmen occupied in the printing business has increased; with the introduction of steamers and locomotives, the number of persons occupied in the transportation of goods has increased.

2. Gide's statements as to the increase of want of work caused by the introduction of agricultural machines, without the increase of produce, are not true. Better tilling, better distribution of the seeds, less loss in harvesting, better quality of the grain are all favourably affected by machinery; better harvests of grass, roots, vines and

Even in our days similar ca[illegible] the same crop, the attitude of the poor mule-ow[illegible] more rapidly. The construction of railwa[illegible] the quantity of flour Western Europ[illegible] pliances which [illegible]tion of certain machines, con- 1875 and 1[illegible] for hundreds of thousands of forcibly to[illegible] railways feed from 250,000 to During [illegible] employed in this service. furnace [illegible] of the poor that is caused by hand cause [illegible] exceeds all that is ascribed to the worst kinds wor[illegible] work—namely, the exhaustion of women and u[illegible] degradation of workmen, the diseased atmos- phere. It is sufficient to mention the sweating system, a method of making cheap clothing (cutting, sewing, ironing), a method which means the consecutive transfer of piece-work from one contractor to another. The final recipient of the material hires men at a very low price, and makes them work all day in awful circumstances. In an area of two or three square yards women and young girls work eighteen out of the twenty-four hours. Here neither factory laws nor inspectors have any authority.

5. Large mills and factories at times, when trade is dull, reduce, but do not stop work, although they have no orders. The continuation of produce is caused by the technical peculiarities of machines, most of which are disadvantageously influenced by total cessation of work. Consequently machinery alleviates the misfortunes of the labourers caused by the depression of the market.

But though Leroy-Beaulieu defends machinery, he admits that the introduction of new machines even now does away with the workmen formerly required in certain manufactures.[1]

Carl Marks finds that in Western Europe machines simultaneously oust the workman and give him new means of earning, but the second influence is always inferior to the first. Generally the alleviating influences of machinery,

[1] *Économie Politique.* T. I.

on which Leroy-Beaulieu insists, are displayed to a limited extent. The anonymous Russian economist, in his *Sketches of pre-Reform Public Management*, proved by figures that the increase of manufacturing industry in Russia is more rapid than the growth of the number of occupied workmen.

The dispute concerning machinery has in our time the peculiarity that the defenders vainly defend and the enemies vainly attack. The realisation of Prudhon's supposition is impossible; Leroy-Beaulieu's defence is useless. The workmen frequently suffer from the introduction of machinery, but the dispute then only loses its academical character when the question is the destruction or averting of misfortunes caused by mechanism. The optimistic Leroy-Beaulieu defends the opinion that with the existing economical order all trouble is lessened, and, in the long run, will come right by itself. Marks and many others think that, without changes in the existing economical order, the aggravation of the lot of the labourers will be closely allied with new inventions, leading to the cheapening and acceleration of produce. Who is right in the dispute on these grounds we will not discuss. It is important to determine, first, the very serious misfortunes caused by machines; and, secondly, the total impossibility of limiting or prohibiting the progress of machinery.

Since the market for produce and exchange has become world-wide, since freedom of scientific and technical research is everywhere apparent, inventors and owners of machines have naught to fear from any economical treatises, or from legislative measures, or from the crowds in the streets. Prudhon, Sismondi and Gide can write what they please; Belgian glass-blowers can destroy several factories; the Mexican President can hinder the construction of railways; but technical improvements will still advance. Every invention which has caused an economical change, from Watt's engine to Bell's telephone, was depicted on a

sheet of paper, where only several drawings, formulæ and explanations were set down. Neither the authorities, nor any one else, have means to prevent the spread and immortalising of new inventions springing from human genius. Since competition has embraced all nations of the earth, it is impossible by any means to reduce the technical level of produce.

Machines, which can cause an absence of work and a pressure on wages, are much stronger than the immigration of workmen; *machines cannot be abolished.* But since this is so, why rise against immigrants?

We cannot in any civilised country defend the working classes from the competition of machinery. Meanwhile, we oppress the live competitors, trample humaneness and common-sense under foot, and embitter one nation against another, because these competitors have one unforgivable quality, which is—defencelessness.

It is easy to dissent from Marks in several respects, but it is difficult to repudiate the existence of a reserve army of industry. Many economists, who differ from Marks,[1] agree that the large numbers of the unemployed result from the triumph of capitalism, and are necessary to its maintenance.

Facts are forthcoming. Under contemporary economical and political conditions, when international dissensions are rife, there are always thousands of persons without work.

[1] The author of the present work is always ready to recognise the knowledge and talent of this teacher and his latest disciples, as well as to grant the important services rendered by him when proving the falseness of contemporary State socialism and the absurdities fathered by the National Party in Russia. This does not prevent the author from considering the doctrine of Marks to be false, and from feeling convinced that the future will see the theory of "plus-value" overtaken by the same fate as befel the theory of the *wage-fund.* The want of space and time, and still more the special aim of the present work, forbids him to discuss Marks' doctrine. He ventures to prophesy that the disciples of Marks will soon be compelled to renounce the "plus-value," as Mill towards the end of his life renounced the "wage-fund" theory.

Whatever the density of population, and even if there be a total absence of immigration, detachments of this reserve army are visible everywhere. According to Brown and Oldenberg, in 1892–1893, in thirty-one towns of Germany, having together a population of 2,500,000, over 42,000 men were unemployed,—that is, about 7 per cent. of all workmen,—and they being out of work on an average for fourteen weeks. From these data it is logical to make the deduction that for all Germany the figures 840,000 might truly represent the force of the reserve army at the stated period.

According to information given by the English Trade Unions, the following percentage of unemployed labourers is calculated:—

	From 1868 to 1871.	From 1871 to 1874.	1879.	Average for 25 years from 1866 to 1890.
1. Engineering . .	8·3		13·3	0·9 –13·3
2. Carpenters and Joiners	2·6		7·6	0·6 – 7·8
3. Construction of steam engines	5·7	from 0·5 to 3·9	10·1	0·53–13·9
4. Iron foundries . .	18		22·3	1·4 –22·3

From this table it is evident that the British army of unemployed is frequently as numerous as the German.

What numbers can free immigration add to these ranks? If a wide wave of immigration were directed to England and Germany, it would hardly be capable of increasing the excess of workmen by 100,000, or even 50,000. These figures could not in the least alter the relations of the labouring mass to the employers at any stated moment. The period of change would not differ if, instead of 800,000, 900,000 unemployed were found.

In the United States the reserve army of industry has only just begun to appear. In 1885 the State of Massachusetts instituted a census of those without work. In 1894 the "American army," 20,000 strong, moved to Wash-

ington, where only 500 arrived. If we compare these with the number of yearly immigrants, it turns out that in the country, where the new-comers every year are twenty-five times more numerous than the number of men out of work, the maximum of unemployed men up to the present time increases from other causes, and not from the excess of immigrants.

20,000 men out of work can effect the same pressure on wages as 30,000. There can be no question about any proportion being discovered in this relation.

Beyond certain limits, the force of the reserve army has very little consequence in determining wages. True, the mill-owner and agriculturist may reduce the price if he sees a crowd of unemployed workmen standing at the gates of the mill or farm. But however large the crowd, its mere size will have little influence on the decision. No arrival of cheap labourers from abroad can create such a want of work as inevitably follows a crisis. In 1825, 1836, 1847, 1857, 1866, and 1873, the reserve army of industry was increased to an enormous extent. With regard to the causes of industrial turmoil there exist many theories, but not one of them blames immigration as the means for the creation of a single crisis.

Certain economists are ready to admit free import of foreign goods, though at the same time they dread free immigration. They lose sight of the new conditions of universal industry. They generally make a great mistake, says Leroy-Beaulieu,[1] in respect to the competition with which Hindoos, Chinese and Japanese, acquiring our machines, threaten the West. They imagine that to effect an injury to the nations of Europe and America it is imperative that the Chinese should take up their abode as workmen in the midst of our civilisation. This is quite unnecessary, for the consequences of Eastern competition

[1] *L'État Moderne et ses Fonctions*, pp. 353, 354.

will be displayed by other methods. It is sufficient for the nations of the extreme East to be able to prepare at home, and then export their goods at cheaper prices than Christian nations.

It is understood that such competition can appear not only on the part of coolies and Japanese, but on all sides. Only the total suppression of international exchange, only the renouncing of all the successes of the nineteenth century, can give a reason for the prohibition of free immigration. Notwithstanding dark prophecies, the actual wages of Europe and America have during the last twenty years had a tendency to increase. Among the causes acting in this direction, all of which we have no time to discuss, one phenomenon is vital to the question of the influence of free immigration on the labour market. High wages are advantageous for the employer. This quality, suspected by Adam Smith, long remained a theoretical supposition, but during later times it has gradually passed from books into real life.

Free labour is more productive than enforced. While slavery existed this truth was not acknowledged, but now it has become evident. Well-remunerated work compares with badly paid work as the latter compares with slavery. Such a relation will be universally acknowledged at that time when the hard fate of the contemporary workmen shall be a thing of the past, as slavery and serfdom now are. At the present time one great change aids the increase of remuneration for work. This change consists in the almost total exclusion of man from the animal sphere of labour, because of the introduction of machinery. Men have no longer to turn mill-stones, row in galleys, carry heavy weights. Gradually the forces of nature are made to perform these tasks, for which the "cohorts of the self-sacrificing" were destined in the phalansteries of Fourier. Threshing, winnowing and mowing machines execute their work better than man. Town refuse is carried away by a system using water as the motive power; cows are milked

by machinery; mechanical presses take the place of their inconvenient forerunners.

For work done by hired men in civilised countries it is advantageous to pay liberally.

Carters, carriers, dustmen ought to be hired as cheaply as possible. Machinists, conductors, telegraphists, inspectors of sewers, stokers of elevators—these should all be well paid, so as to secure industrious, accurate, intelligent and trustworthy men.

For farms where much machinery is used the advantage of cheap labour is very doubtful. The same may be said in regard to all contemporary manufactures. Cheap and careless house-servants excite suspicion. In Germany, in 1893, according to Struve, the highest wage of agricultural labourers exceeded the lowest by 193 per cent., whereas the difference between the highest and lowest price of rye was only 29·3 per cent. The wage of ordinary day labourers in January, 1893, varied from eighty-five pfennigs in Silesia to three marks in Bremen, Hamburg, and other large towns. For the labourers in Bremen the competition of Silesian labourers is not less dangerous than the arrival of thousands of Chinese. Measures against immigration would have to be taken within the State, and not on the borders. But during the labour crisis of 1896 in Vienna, such measures and limitation were seriously discussed. As protectionism, to be logical, should operate in its own strongholds, it ought to demand the passing of laws against the free movements of citizens.

Other measures will hardly have effect. Even in the same town more profitable and better paid professions might then demand legislative protection against competitors. Putting exclusive remuneration out of the question, and not taking into account the liberal arts, but advancing only one step beyond the common labourer, we find great difference between wages. According to Orlov and Boudagov (*Dictionary of Mills and Factories*), the following yearly

wages in various branches of industry in Russia represent the right averages :—

Industries.	Roubles.[1]
Steel foundries	524
Stone workers	388
Flour mills	305
Chemical manufactories	282
Distilleries	254
Glass manufactories	244
Saw mills	237
Hat manufactories	206
Paper mills	175
Spinning mills	158
Match manufactories	122

From this table it is plain that the neighbourhood of possible competitors does not level wages. Not the crowds of immigrants, but other causes, lower it.

Free immigration is a seeming, not an actual, danger; it never should have been regarded as a serious evil.

National intolerance brings to pass great contradictions. According to the opinion of German economists (Schmoller and others), German States and territories have lost over 9,000,000,000 francs through emigration, nearly all this money having gone to the United States. We have seen that immigration to the States during recent years is expressed by half a million new-comers yearly. Meanwhile the American papers, Deputies, and even pulpits, are eloquent in announcing the ruinous effects of European immigration. Then the milliards lost by Germany must have been drowned during the passage across the Atlantic ocean! The contradiction between German and American economists would be comic if it did not threaten in the near future, during the early days of the twentieth century, to sow the seeds of dissension. The universe has frequently witnessed the transformation of scientific mistakes into mischievous laws.

[1] A rouble is worth 3*s.* 3¼*d.* English money.

PART III

CHAPTER I

The System of Government Help to National Labour in Kingdoms with Free Frontiers. Government Concurrence is not Government Interference. Individual and Possessory Safety as an Economical Factor.

IN the sphere of economical science, and in ordinary life, we often hear praise of the principles confessed by the free-traders; at the same time the impossibility of the application of such ideas is pointed out, and the plans suggested by the protectionists for the concurrence of the Government with national industry are applauded. "The free-traders' ideas, though fine, are in reality impracticable, or, at most, can be realised only in the distant future; the methods of the protectionists are uninviting, but practical and useful." Such are the views, open and secret, of many economists and the majority of statesmen.

We are of another opinion. Free-traders are right only in the attacks upon the existing protectional measures; but they are not right in their principles. Their first postulate—the inactivity of the kingdom—should not be granted now that international relations and the phases of social life common to civilised nations are what they are. Contemporary government should be strong morally and physically—strong and active. Its activity should be many-sided. Constant care in respect to the native industry, together with the defence of national primitiveness, should form the chief problem for every modern State. The fascination of protectionism, and the cause of its late victories, lay in its principal propositions being true. Industry left

to its own resources, without the wise aid of the Government, would suffer in many countries. A modern lawful kingdom is a co-operation of men banded together by the traditions and interests of ages, possessing an enormous stock of material means, and capable of increasing them out of the fruits of the labours of the coming generations. It is quite natural and beneficent that such a morally and materially strong association, by the means of those who stand at its head, under any conditions of political form, should prove a self-acting and powerful factor in all courses of the increase of national wealth. The mistake of the protectionists consists in the fact that, seeing nations on one side and the uniting universal market on the other, they, instead of urging the Government to take action with a view to the reduction of expenses and improvement of the produce, turned to artificial dearness as a proper corrective, and thus chose such methods as, being of small influence and very ruinous at the present time, are destructive for both the near and the distant future, rousing one nation against another.

During the last two decades the popularity of the protectionists, and the unpopularity of the free-traders, was also explained by the fact that the new laws, by means of which the national labouring masses were protected from unjust treatment at the hands of the employers, were partly embodied in the programme of the protectionists, and partly adapted to the doctrine of Government interference. On the contrary, the free-traders agitated in general against factory and other laws which lightened the burden of the labourer. At the present time, when these laws have become part of life, another opinion is evidently being established in regard to the legal principle of these laws. Both the doctrines have only an indirect relation to the burning question of the regulation of work; the solution reached does not need either the doctrine of Government interference or the union with socialists. The humanitarian explanation of the right to act with total economical

freedom and the predominance of individualism are logical agents which compel us to detest, and punish by law, every act which in itself likens the condition of the hired labourer to the condition of a slave, and develops the power of the employer nearly as far as that possessed by a slave-holder. Those guarantees which, in consequence of the laws, will be enjoyed by all who need them, come, as we think, from the same legal source as that which prohibits agreements for the disposal of one's person or family for slavery—agreements by force of which a man's life, health, and honour are sacrificed, under the pressure of want, to the interests of the hirer.

The doctrine of Government interference ought to be subjected to revision both from a legal and economical point of view. We hold the conviction that the contemporary kingdom with its means, which will be increased if international antagonism be mitigated by the union of labour, may develop a very wide activity in the sphere of national economy, not being detained by individual liberty, not interfering with the economical relations of physical or juridical parties, and holding back from such measures as, though often very disastrous, in recent times have been very frequent and very popular. This popularity might be reduced if Government interference were separated from Government initiative.

From separation of this sort we will deduce all the following opinions regarding those administrative and economical measures by means of which the sovereignty of the kingdom may take action for the improvement of the conditions of national labour in the country, the frontiers of which are gradually freed.

The system of active protectionism in a kingdom with free frontiers may be based on the grounds of pure individualism. With the phase of culture reached during the latter quarter of the nineteenth century, thanks to the foregoing universal revolutions, it is quite natural to expect that a kingdom should enter into a state of free

co-operation similar to that which constantly produces such brilliant results in the sphere of scientific knowledge. If the principle involved in the establishment of free frontiers be accepted, then it should not be difficult to draw up a scheme for the direct influence of the Government upon native industry.

The safety of individuals and of property, as is acknowledged on all sides, presents an invaluable benefit, which owes its origin to the strengthening of Government power and the institution of legal standards. Contemporary civilised kingdoms differ sharply in this respect from the kingdoms of the past ages, as well as from the majority of uncultured countries, where an exterior form of right is adopted—where even a republican form of government is introduced, with a simultaneous reign of violence and freewill.

The flourishing condition of the newest form of industry is inseparably connected with the legal principles of the institution of the kingdom. Nations might exist for ages either in a patriarchal mode, or in a feeble condition of citizenship, or with an arrangement of castes. The contemporary nations of Western Europe remained, notwithstanding the illegality of feudal customs; and Russia withstood the appanage wars and the Tartar invasion. Modern industry could not have endured such severe shocks. Free, steady, co-ordinated labour, which, taking advantage of unseen and unexpected advances of science, might in several decades yield milliards of wealth, is possible only under conditions of the affirmation for all and every one of inviolability as regards life and property.

Thanks to this feeling of security, the birth and growth of the contemporary economical organism became possible. But the safety is not absolute; in different civilised kingdoms it has attained various degrees.

The possibility of invasion and external safety depend on geographical situation, on military forces, and on policy. The factories on the banks of the Volga, the mills on the

Thames, are protected by nature. The works at Berlin are defended by a formidable army. The French vineyards are defended by a line of forts and fortifications. Switzerland and Belgium rely on their neutrality. The chances of military ruin dependent on these conditions vary to a great extent. Internal safety depends on the completeness of the laws, police, and courts, which are totally different in every country.

In the Caucasus the low degree of civilisation among the savage inhabitants is a threatening fact. Highwaymen are not extinct in South Italy. The so-called "workmen's riots" in the great manufacturing centres of France, Belgium, Germany, and England excite fear. The firmness of the monetary system is of primary consequence, as are also the strict observance of the rules of the Government, the policy of taxes, which together influence the general level of credit, and the security of native and foreign capital.

The regular development of industry, and even the cost of manufacture in a great degree, depends on these elements of individual and material safety. As the sums of these conditions differ very little, the corresponding difference in the cost of produce is not great.

Experience teaches that with the total freedom of exchange, the heavy expenses of production do not, within certain limits, hinder the springing up of industrial centres. Thus we are right in concluding that a certain considerable supplementary risk does not create visible obstacles for the success of industrial enterprises. But there evidently exist such negative influences as, in certain cases, place labour and capital in a condition of small security, and then the total freedom of intercourse and exchange leads to the fact that in a country with a feeble degree of safety only the rougher branches of industry remain; all the others, which require more complicated and costly machinery, and all forms of industry which yield large profits, remove to countries where better security exists.

In Turkey and Persia, notwithstanding the military

surveillance of the powers, and the consular jurisdiction, individuality and property have so few actual guarantees that the native wealth of these countries remains undeveloped on this account. It is not much better in the republics of Central and South America, where bankrupt or thieving Governments, with charters copied from the Constitutions of the United States, are always ready to fall upon the wealth of foreigners, attracted by the large profits. Latter-day civil wars in South and Central America have, according to the statement of Mr. Ionine, become nearly bloodless, but are attended by increased marauding. The manufacturers and the farmers of Peru and Bolivia have the sacred right of demanding more profit than is asked in the environs of London.

It is true that a great expanse separates the European kingdoms, their colonies, and North America from the realm of the pachas and similar rulers. But industrial enterprises enjoy very unequal safety even in law-abiding kingdoms. In certain States of the South and the Far West the adventurous tradesman is not inclined to start in a business with limited profits, what with the daily risks and the rough and ready methods of Judge Lynch.

In the old world, Portugal and Greece have the misfortune to be governed by authorities who inspire the minimum of trust. Enterprising French and Swiss merchants may well fear those democratic inclinations which tend toward the imposition of taxes on income, profit, and capital. All such causes undoubtedly create unfavourable conditions, which hinder national industry and can themselves produce such an increase of risk, and consequently a heavier cost of produce, that even with a total freedom of international exchange, success in the universal market will appear doubtful.

The compensation of such risks by tariff charges is a very unsatisfactory method of escaping from the difficulty. History will never be able to speak in a complimentary manner about frontier taxations that are designed to make

up for political and social defects. Internal safety is insufficient; the police is badly organised; the law courts are slow and expensive; the taxes are heavy and unjust; credit is poor. These are the reasons why, when other conditions are equal, the local industry gives way to foreign. It cannot make an appearance in foreign markets; to protect the native market, foreign import is taxed.

The principle of the positive system demands another plan of action. Understanding safety in the widest sense, as a general sum of guarantees of life and property, and entirely avoiding the policy of levelling the tariffs, the Ministry should consider the strengthening of safety to be the principal element of Government co-operation with national labour.

Armies, navies, forts and military expenses are nowadays viewed as necessary and natural elements of external safety. An army is likened to an expensive but trustworthy dam, which protects the country from a destructive inundation.

Experience teaches us that a good army, and still more the strong military organisation of an alert empire, has great importance and faithfully defends the political existence of the nation, its independence, and its honour. Prussia during the reign of Frederick the Great, England in Elizabeth's reign and in the days of Napoleon, France during the revolutions, Russia in 1812, resisted military coalitions. The transformation of half the territory into a seat of war in the struggle for the independence and integrity of the native land, is an episode of secondary consequence, and sometimes is part of the plan of defensive military actions. But such a form of strategic operations deadens industry. Germany expects to be protected from the calamities of an invasion by being always ready to make an attack on the enemy's country, hoping to excel the foe in rapid mobilisation and centralisation of troops. Such a method of action demands a series of victories during the first part of the campaign. In the opposite case the calamities of the invasion will be deferred only for a

few weeks. The God of War, to whom the quaint phraseology of hostile proclamations is often addressed, frequently misleads human expectations.

France has defended her weak frontier by a continuous row of fortresses. Against Italy, considering the special conditions of locality and the qualities of the enemy, such a defence may possibly decide the question. In Alsace the illusion is vain. The foe may be detained, but not stopped by the fortified camps, forts, and toll-bars. The enemy's advance to Paris will depend on victories in the field, not on siege operations.

England is in an undoubtedly happier condition. But should the fleet be entirely defeated, then the landing of the enemy, even if finally compelled to withdraw, will cause such misfortunes as the British will not recover from for several years.

External safety and trustworthy defence against the violence and ruin connected with the stay, however brief, of the enemy in the country are attained not by military force, but by the methods which avert war itself. The only method which causes actual peace in our times is acknowledged to be the free intercourse with other civilised nations. Free frontiers will serve as defences against hostile invasions, even though not a single fort or battalion is placed on the frontier.

Referring to a series of facts cited in the second part of this work, we affirm that the height of the frontier wall is determined by the aggressive inclinations of both sides. Thus the lowering of this wall is a better and surer means of protecting the native industry from the misfortunes of an invasion than enormous military forces. Let us put faith in the interests, and not the feelings, of persons, and then the abolition of every custom-house will produce an equivalent in the sense of the reduction of army, navy, and forts. We agree that an army may aptly be compared to a dam. But the strongest dams have been known to collapse, with the result that ruin and destruction have done their

worst. It is better to have a small dam, and take good care that the outlet is always in good order. Then no danger is to be feared.

The number of armed forces necessary for upholding order and aiding the police in case of riots is considerably reduced in consequence of the construction of railways and the introduction of steamers. In European kingdoms the actual number of troops is possibly ten times more than is necessary for international defence.

A slightly larger military force has to be retained while such barbarous kingdoms as Turkey exist, and while the sword must constantly be held over Persia and China. Every successful war waged by any civilised kingdom against these races is a step along the path of progress. For future mankind the speediest attainment of peace among civilised Christian nations is of great importance. With free frontiers between them, and the disappearance of antagonism from their midst, the destruction of barbarous kingdoms and lands occupied by savage races will be carried out by mutual agreement, either by peaceful or warlike methods.

The constant observance of order and the strict regard paid to acts of violence committed against individuals and property have a great economical importance in these times. A country where a magnificent palace and modest hut are equally safe, where a man does not suffer because of his political opinions, has the advantage of others in industrial respects.

"If from towns," says Leroy-Beaulieu,[1] "we pass to villages, we notice that during recent times there has been developed a kind of unpunished robbery, which proves that from a purely material point of view of safety, we are far from being in a satisfactory condition."

We consider that great care exercised in the extermina-

[1] *L'État Moderne et ses Fonctions*, p. 106.

tion of such evils would be a better act of protection for French agriculture and the manufacturing industry than Melin's taxes.

After the great changes of the seventh decade, the old lawlessness and freewill have passed, in their principal features, completely out of sight. In Russia new law courts appeared after the well-remembered act of 1864, as a proof of the living value of the idea of right, and of her great social power. In France, in 1870, the pernicious influence on justice of Napoleon's rule disappeared. German courts were united. A totally different legal order was instituted in Austria and Italy. With the disappearance of slavery from the United States a new era for justice commenced.

We may consider that the principal bases of rightful foundations, without which national produce and the increase of wealth cannot develop, are now firmly placed in all civilised and Christian countries. Bribery and freewill do not longer bar the path of economical evolution.

Nevertheless, there exist grievous defects in the sphere of administration and justice, from which industry and trade suffer. Safety in the wide sense does not consist only in the averting of the danger of war and internal disorders, but in the inviolable domination of the idea of right.

The incorruptibility of courts has been attained in the entire civilised world, with the exception of several unhappy American republics. The impartiality of the court is less reliable. There exist two questions for the industrial interests of every kingdom, in which questions the objectiveness of legal and administrative organs is very important; but subjective principles predominate in these questions. First, we mean the protection of the property interests of foreigners (especially the protection of foreign capital); secondly, the affairs of private parties and institutions with the Government. The truth here rarely differs from the public opinion, and authority inclined to value popularity is ready to support the guilty side (moreover,

this is inspired by national feelings). It may be added that national bias is not easily counteracted, even by men who love justice.

The starting of many enterprises, even with foreign capital, is in any case the sign of industrial development. The supporters of custom-house protection gladly point out that high prices, the consequence of high duties, have attracted from foreign lands the capital wanting at home. But when a foreign enterprise yields large profits, a murmur is raised, the strength of which is in proportion to the extent of profit. "Our money goes abroad," is a common theme, and one very popular among short-sighted grumblers.

In the United States, which are rich in energy and enterprise, but poor in free capital, a special method of oppression and cheating of English capitalists has sprung up—a method whose character in some small degree resembles a fashionable sport. The French capitalist in Germany, and the German capitalist in France, would be surprised if he were to meet with justice and attention from the authorities and courts.

"Although capital," says Leroy-Beaulieu, "might be partly placed with advantage in independent and foreign lands, it is an undoubted fact that colonies supplying capital to their metropolis are a safer and less unsteady field of operations. Englishmen, for instance, never encountered in India or Australia (although the latter was badly governed) with such violations of right and legalised confiscation as they came in contact with in Argentina, Uruguay, Portugal, Greece, and other countries." [1]

In another work on colonisation the same economist says, when answering those who doubt the advantage of colonies: "If all the other conditions be equal, it is always better to lend one's capital to one's own colonies than to foreign lands, in view of the greater surety resulting from good administration, unimpeachable justice, and the courteous and just behaviour of the population and

[1] *Traité d'Économie Politique*, vol. iv. p. 654.

authorities. Many kingdoms display an inclination to regard with severity such foreign capital as cannot depend on external support. In this respect capitalists are subject to less risk in the colonies, which form, as it were, an extension of the metropolis."

Leroy-Beaulieu confirms his opinions by a series of recent facts. In 1881 England, by using threats, caused the Suez Canal Company to lower the duty and carry out work, which might have been put off without any danger. "The losses incurred by the Company because of this pressure are reckoned at £20,000,000 per annum, which is equal to from 450 to 500 million francs of loss caused to the French shareholders. Some time before this the Egyptian Government, without any necessity, reduced the interest on the Egyptian debt by one-third, which caused the French holders of the bonds to lose 250,000,000 francs." In Portugal, Spain, and Italy, attempts more or less legal were made to suppress French enterprises, that were to be started with French capital, or to ruin and cause losses to French undertakings already established. We need mention only the affair of the Roman railway and the Lombardy railways.

"French capitalists," Leroy-Beaulieu concludes, "were robbed of an income of from 80 to 100 million francs, or a capital of two milliard francs, in less than ten years, by treacheries, cavillings, oppression, and the violation of rights by foreign governments."

At a time when the spirit of protectionism and monopoly is awakened everywhere, and when the rudeness of authorities has become customary, colonies are undeniably useful, simply as places open to the capital of the metropolis and enjoying legal and just conditions.[1]

We think that the works of Leroy-Beaulieu greatly influenced the colonial politics of France, Germany, Italy, Belgium, and Spain. Though a supporter of peace, he nevertheless insisted on retaining the old colonies and the

[1] *De la Colonisation chez les Peuples Modernes*, 4th ed. pp. 710, 711.

acquisition of new ones. International antagonism created willing hearers for the editor of *Economiste Français*. France and Germany proved strong enough to overcome, without special misfortune, the failures of colonisation. Others were less fortunate: Belgium spent much on the Congo. Unkind fate befel Italy in Africa and Spain in Cuba.

It is possible that England extended her colonial policy, influenced by the general movement.

It is plain that aggressive policy, certainly less dangerous beyond the ocean, is recommended because it is possible to be sure of justice only within the limits of one's own native land. The argument evidently relates equally to the metropolis. If an inhabitant of Paris or Berlin decided upon giving money for the construction of a railway in Lombardy, was eventually cheated, and found no justice in the court of Milan, the question does not concern colonisation, since what happened in Lombardy might happen in Abyssinia or Siam. The truth lies in the fact that economical dissensions, wars, and injustice are very intimately united.

In private actions honesty is often of advantage. For kingdoms honesty is always advantageous.

Industry, and with it the fiscal establishment, receives the greatest income when observance of laws and agreements is strictest. Home and foreign capital, thanks to the strengthening of the life-giving principle which Russian law calls "national trust," will be content with less profit. No taxes can replace national trust. Tariffs may cause certain branches of industry to flourish, not very healthily; but the sum of the profitableness of national labour will be many times greater if capital pours in freely in the hope of one of the best forms of active protectionism, namely, justice. High duties might, for instance, attract to Italy several rich manufacturers, who might found French enterprises, risking the prejudiced regard of the authorities. With the abolition of taxes, in the modern state of

affairs, the difficulty of obtaining money would become an impossibility. But with free borders everywhere, and the proper protection of foreign enterprises, the rise of industry would be very great, and would enrich the country.

It depends upon the Government to force its legal and administrative organs to be strict and vigorous with regard to foreign capital, and to adopt benevolent relations toward the same. Even if public opinion be on one side, and bureaucracy on the other, the idea of right will turn the scales of justice. Such an order of affairs will undermine aggressive desires, and will give the country a chance of helping to bring nearer the international market of capital.

The steadying of the value of monetary tokens should be classed with those Government measures which, appearing as an element of the safety of capital and labour, themselves express one of the substantial and beneficent forms of positive co-operation with national production.

As long as the value fluctuates, all—from the millionaire manufacturer to the poorest day-labourer—speculate quite involuntarily. Until a firm and ensured gold exchange has been fixed, the general insecurity hinders the inflow of capital to the healthy branches of industry. The fluctuations are taken into consideration, and simply increase the element of risk. In general, industry loses much. The tariff fluctuates day by day to a remarkable extent. As long as the rate of exchange of paper-money produces a speculative element in all economical relations, the jeremiad against Stock Exchange transactions sounds false, no matter by whom it is uttered.

It is important not only to institute, but also to steady the value. The loss of value in notes often appears after new persons come on the scene and new times commence. Only those reforms are successful which cannot produce disenchantment in future times. Count Kankrine caused a devaluation in 1839. He died in 1845. The agio

appeared two years later, and the exchange was stopped in 1856. Now affairs progress much quicker. Italy re-established the exchange in 1883, and in 1887 agio to the extent of 2½ per cent. on gold made its appearance, and quickly changed to 10 per cent.

The security of exchange depends upon many causes: on the wealth and productiveness of the country, on the balance of the estimates, the debt of the country, its credit, on external policy, on the settling (and not trade) balance. A very substantial guarantee is the entrusting of the issue of the exchange to an independent institution, to the national bank, which, though more or less governmental, is not placed under the direct surveillance of governmental financiers. Of these institutions, the most solid are the banks of England and France. Wherever compulsory exchange remains, or wherever it reappears, it has supporters, partly out of individual interest, partly on account of the inclination to establish what we may term a *paper-California*, as a very easy method of filling the Exchequer and supplying the market with the desired amount of tokens of exchange, avoiding taxes and loans. In the United States at the end of 1878 a union was formed between the agrarians and socialists, called the "Labour and Greenback party."

In countries where the Government suspends payment on Government loans, private enterprise is undermined. Government bankruptcy is always an unjust confiscation and a radical violation of order and right. The intensive form of produce does not find any eased conditions of development. Capital is inclined to emigrate. Even a high interest does not tempt the speculator. Bankruptcy appears to be a resource which is always the forerunner of a system of heavy taxes.

These bankrupt countries can look for help only to agriculture, uncertain trade, the export of minerals, and a few primitive industries. No natural wealth serves to

extract Greece, Portugal, and Argentina from a state of poverty. The bankruptcy of these countries is not absolute. Portugal pays one-third of what is due on its coupons. Pressure has been applied to Greece, and the payments temporarily stopped will be renewed, at least on external loans. Argentina tries only to defer the payment of interest and capital. During recent years various degrees of Government bankruptcy have been observed. The above-named countries occupy a central position, for certain countries of South America are absolute bankrupts.

Servia has authorised the conversion of her 5 per cent. funds to 4 per cent., not intending to repay the capital. Comments are useless. The debt of Spain was, in 1876, subjected to a similar discount, but by agreement with the creditors, which, however, was quickly broken.

Italy and Austria are not considered bankrupt countries. Nevertheless the holders of their loans have suffered great losses owing to the reduction of the interest in the form of the so-called coupon-tax, which is exceedingly severe.

Referring to Governments which pay the interest when due, we see that the coupon-tax on private Government funds is adopted by Russia, as a substitute for the income-tax of England, and as a natural consequence of the income-tax. Notwithstanding frequent attempts, the efforts made to tax the French Rentes have proved unsuccessful, but the bonds of railways guaranteed by the Government are taxed the same as private papers. Further, in all kingdoms where the income-tax exists the holders of all bonds are threatened with confiscation, fines, and other punishments if the Government funds are not included in the declaration of the property or yearly income.

With regard to the accuracy of payment, England stands at the head of the list. At the bottom we see the Republic of Liberia and certain American States, which pay nothing.

Thanks to the coupon-tax the sharp distinction between

solvent and bankrupt kingdoms is destroyed. The language of mathematics—the language of bare facts—says that England has reduced her payments 2 per cent., France and Germany[1] 4 per cent., Russia 5, Austria from 7 to 20, Italy from 13 to 15, Spain from 15 to 20, Servia 20, Egypt from 25 to 30, Tunis from 35 to 50, Portugal 66, Greece from 70 to 90, Turkey from 80 to 90, Liberia and certain States of North America, and Argentina 100 per cent.

An income or coupon-tax is in reality equal to insolvency of the Government. Notwithstanding the evidence arrayed against them, the coupon-tax has many supporters, whose arguments may be summed up as follows:

(1) A loaning agreement concluded between the Government and its creditors does not prevent the taxation of the latter, as the Government cannot free them from general civilian obligations. As regards their obligation to pay taxes, it is entirely immaterial from whom they receive their interest. They are in the position of a landlord whose house is let to the Government, and who is not therefore exempt from house-tax. (This opinion is supported by Mr. Yanjoul.)[2]

(2) The class of persons possessing bonds does little work, and should be considerably more taxable than other classes (Professors Lebedieff and Mr. Yanjoul).

(3) The Government taxes its bonds not as a debtor, but as an unprejudiced lawgiver. Only foreign bond-holders have grounds for claims of exemption from coupon-taxes.[3]

(4) The coupon-tax, because it is too high, harms the credit of the country, as is seen in Austria and Italy. With a small tax the value of the bonds depreciates only slightly. There is no inducement for the capital to go abroad, as it is difficult now to find a country where bonds are not taxed (Mr. Yanjoul).

[1] In general income-tax.

[2] *Fundamental Principles of Financial Nations.* Ed. 2nd, p. 319; ed. 5th, vol. ii. p. 515.

[3] *La Science des Finances*, i., ii. p. 515.

(5) Even England, where legality is at its best, has not been ashamed to tax its loans, and has made no difference between native and foreign capitalists.

Among the economists who are not convinced by these arguments Leon Say, the former Minister of Finance at the critical time when five milliards had to be paid to Germany, is prominent. He sharply condemns the taxation of income from Government funds, as, taking advantage of the tax, the Government pays less than it promised and guaranteed to pay; thus the right is unquestionably violated. The chief question is settled in the positive sense by the debtor himself, whose views are certainly in accordance with this decision. Leon Say considers his last argument decisive.

Lorenz Stein, defending the income-tax, is against coupon-tax (either on Government or private bonds), acknowledging this to be double taxation.

During the latest debates on the income-tax in the French Chamber of Deputies, a brilliant success was scored by Rouvier in his speech against the tax on Rentes. Considering this tax an attempt against Government credit, he pointed out two epochs of French history. Napoleon created an enormous military force, and commenced a struggle with England, who possessed neither a numerous army nor a general leader. But England had credit, a possibility of acquiring almost unlimited capital, and England, thanks to this credit, conquered Napoleon. The other epoch is fresh in all memories. France was crushed, degraded, ruined, and rendered powerless. The enemy occupied half of her territory, and would not retire till the partial payment of an immense indemnity had been made. The credit which remained yielded milliards for France, and she was saved.

It is known that the Chamber was convinced by these arguments. Up to the present time the French Rentes are free from tax.

On our side we consider that the taxation of all funds on

which Government has promised or guaranteed the interest is openly contrary to principles of right; benefits are derived only in case of ill-concealed bankruptcy (Austria, Servia, Italy). Both small and large taxes on the interests due on Government loans are equal violations of right; and a low tax gives no advantages.

In debates on this question, to avoid useless disputes and total confusion, it is necessary to separate all socialists and their views, and not to mention the extreme theories.

Socialists with seats in Parliament, and those who declaim upon platforms, are too little hindered from at all times attacking and abusing the Government upon all questions. Their opinion of this matter is known, and need not be discussed.

According to our opinion, the defenders and opponents of the coupon-tax fall into an extreme confusion of ideas. Private obligations and Government bonds are placed on the same level; the same happens with natives and foreigners. Respecting the latter, England declines all limitations proposed by Leroy-Beaulieu. The upholders of French Rentes as securities not to be taxed, among whom we see Rouvier, very illogically allow the taxation of bonds which have an absolute Government guarantee.

The arguments against the inactivity and tax-paying capacities of the class of "rentiers" immediately fall to the ground when they are applied to foreigners. An English capitalist has acquired Austrian funds. At the time of purchase not a word was said concerning any tax on the coupons. Several years later the possessor of these bonds is informed that he is a very fit person to pay taxes, that Austria has too many debts, that the army is too great. The deduction is that he will have to be satisfied with a lower interest.

The consciousness that it is unjust and dangerous to subject foreigners to a coupon-tax caused Italy and Spain to invent a division of interior and exterior taxes. One of the chief methods is the affidavit of foreign creditors. On

the same bond an Italian subject receives payment in paper-money at Rome with a deduction of 13·6 per cent. tax, and a Frenchman at Paris in full-weighted gold francs without any reduction. Financiers boast that such a system works satisfactorily. It is necessary to think that the affidavit represents a premium of a certain kind for those devoid of conscience, and a limitation for solid and honest capitalists. In neither case is a country's credit strengthened. During recent years, in matters connected with loans, a financial condition has appeared which would overthrow all the talk of the supporters of the taxation of Government funds, no matter to whom these bonds belong. In the newest loans the question of taxation is settled plainly. "The Government renounces for ever all taxes and duties," that means coupon or income-taxes, with affidavit or without it, on foreign or native owners. The affair is explained. Old loans are taxed because at the time of their issue no one thought of such taxation. New loans had to deal with experienced subscribers, who liberated themselves from all unexpectedness in the future. But in view of the introduction of such a condition the taxation of old loans is evidently unjust. The Government should not take advantage of its creditors, no matter who they be. Leon Say, for instance, had special grounds for defending the French Rentes from taxes. He had arranged for certain remarkable loans, when the country had offered the Government all its savings. If in those critical days only one man had been found to ask whether the loan of Thiers would be subjected to a coupon or income taxation, the answer would undoubtedly have been such a decisive proclamation as now accompanies the majority of new loans: "There never will be any taxes."

But we are told that England has taxed the coupons. To this we can make answer by saying that neither England nor any other kingdom ought to have done this. The price of bonds with a low tax (England, Germany, Russia) has remained steady, thanks to a phenomenon of a

far from encouraging sort, which may be called "Mutual service between Governments bankrupt and solvent." Good payers, by punctually meeting their obligations, have raised on the universal money market the credit of poor and badly managed countries, which have managed to borrow many millions from trusting persons. When Government bankruptcies began to occur one after another, then small taxes on the coupons of good payers,—in other words, partial insolvency—seemed a comparatively insignificant loss, of which it was not worth speaking, in view of others having suspended payment altogether. England's credit suffered little from the tax on funds, because the simultaneous insolvencies of the Argentine Republic, the bankruptcies of Portugal and Greece, and the Austrian 20 per cent. tax attracted general attention.

The eventual disadvantage of a small tax (from 4 to 5 per cent.) on coupons becomes plain, if the profit from this is compared with the savings of a conversion. At times of difficulties the United States borrowed at 6 per cent., France at from 5 to 5½ per cent. By conversions the interest was reduced to 2½ and 2 per cent., in France to 3 per cent. Consequently the interest (and the expenses of the Exchequer in the payment of interest) was reduced at least 40 per cent. But what is the importance of this in comparison with the savings of the Italian and Austrian tax, where the Exchequer taxes its creditors from 13 to 20 per cent. to increase the means of paying their debts?

The most restricted conversion yields more than the highest coupon-tax. And the release of funds from taxation eases all the forthcoming conversions.

Remaining on the grounds of right and absolute fulfilment of its obligations, the Government of our days should for ever decline the taxation of the interest on and repayment of Government funds, and ought to repeal the taxes already introduced on coupons and incomes. Private bonds and unguaranteed shares may be taxed, because the Govern-

ment is bound by no obligations in this respect. Such a taxation is as legal as the tax on bills. A distinction should be made between paper which was in circulation at the time of the introduction of the tax and that issued afterwards. All later private bonds may be subject to taxation, whether shares or otherwise. Only those which were issued earlier can be included in the income-tax.

Such an economical policy will give, beside purely financial, greater general advantages, because absolute legal regard of its debts points out the kingdom which chooses this path to be the most honourable and trustworthy among all contemporary nations, not a few of which depart from legal principles. Not only the Exchequer will gain, but the entire industry of the country will reap an advantage from the high level of Government credit and moral prestige. The country may be poorer than others, but capital will flow to it with greater ease. Beside this, funds safe from taxation will always be for all classes of society a stimulus to saving. The French Rentes, being free from taxes, undoubtedly do much to uphold thrift and industry in the nation, and always give the poor and rich classes a natural investment for their capital. The functions of savings-banks will always be limited. The freedom of funds from taxation evidently appears as one of the chief forms of positive action on national produce.

Government obligations consist of others beside loans. The economical and administrative range of the Exchequer, greatly widened and complicated during the latter years, obliges the Government yearly to conclude various and numerous contracts and agreements with many firms and persons. The high duty of maintaining all the agreements of the Government, all privileges and concessions, accurate fulfilment and unprejudiced interpretation are all necessary for the success of national labour. The Russian laws consider that agreements concluded by any Government authority or institution ought to be held "in such force and firmness as if these contracts were signed personally

by His Imperial Majesty."[1] The sanction which the law-givers thus gave to all obligations of the Government was an act of great wisdom and foresight. With the increase of Government activity, with the multiplication of the administrative *personnel*, which, in reality, cannot remain unchangeable, it is very important to inspire with confidence all who conclude any agreements with official institutions or individuals.

In past times, in all kingdoms, the Exchequer, when concluding or fulfilling agreements with private individuals, generally suffered, thanks to the unconscientiousness and carelessness of its agents. Not having a trusty *personnel*, the Exchequer nearly always not only bought dear and sold cheap, but suffered loss from every indistinctness of the agreement, owing to the criminal concurrency between the officials and the interested persons.

All such negative appearances are considered, after the establishment of publicity and a series of administrative reforms, as exclusive facts. But owing partly to natural and partly to artificial reaction, the opposite evil is observed. Bribery and constant ignoring of the Government interests, which are now facts of the past, have created an excessive fear for these interests, a special form of suspiciousness, a distrustful antagonistic regard of all private individuals and companies who wish to enter into agreements with Government institutions. Publicity is a reason for fearing comments, and causes one to make a compromise with conscience, not from greed, as in former times, but from a fear of swindling. The defence of Government property becomes popular even in the cases when official severity results in the trampling upon of the rights of private individuals. A policy of suspicion is established, with a view to successfully safeguarding the Government strong-box and taxes, and in the struggle against the natural defence of private contractors. Legal stratagems, omissions, one-sided interpretations, threats are among the

[1] Clause 1587, vol. x., *Russian Civil Laws.*

weapons energetically employed, the only desire being that the Government should be victorious in all disputes with private individuals. If the reaction against former bribery proves in these actions to be a negative stimulus, the success in service acts as a positive one. The worst feature of all is the suspicious regard of all resistance which is displayed in the name of right by the administrative *personnel*.

High-handed and exasperating conduct of this kind, which the French economist bemoans, is caused not only by the hatred of foreigners, but by a strange energy which does not trouble to base itself upon justice. The unequal and ruinous struggle, which has such a bad effect on the interests of foreign capital, is evidently carried on by the native wealth.

In France itself the city of Paris has a strange way of regarding the concessions that have been granted to various companies.

All means were considered fair as long as they caused losses to the gas-lighting, tramways, omnibus, and municipal water-supply companies. The cold and unprejudiced tone of the French courts affords some defence. The municipalities openly curse the laws and the courts, which prevent fiery radicals and socialists from applying the capital to the use of the town-exchequer.

The courts cannot always defend individual property. The Exchequer, taking advantage of the unpopularity of capitalistic associations, is ready to defend itself against just claims, in legal order. The Exchequer lost the suit with the Company of Southern Railways in the Government Council. But deputies were found who were not ashamed sharply to attack the Ministry on the score of its improvidence. How easy it would have been to swindle the Company if they had at the proper time thought of passing through both chambers a special law for a case so plainly connected with the advantages of the Exchequer!

The Swiss Federal Government evidently made use of

these indications. It declared that the rights of a concession might be repealed at any time when the Federal Exchequer should think such action desirable.

From what arguments such attempts arise may be seen in the work of Professor Tchouproff, with whom Mr. Yanjoul is in cordial agreement, on railways.

"In all concessions it is stated, that should the Government decide on purchasing one or other railway, the price of purchase is determined by the average clear profit for several of the last years, and according to this the capital is realised, or the Government undertakes to pay this revenue yearly up to the expiration of the term of the concession. These conditions demand from the Government a great outlay in the case of profitable lines; owing to this, certain economists have involuntarily (?) been of the opinion that possibly the Government had the right (?) of purchasing the railways not at this conditional value, but at their actual cost."[1]

To such economists belongs Professor Tchouproff, who finds that a Government, when purchasing railways, should not be restrained by the statutes of companies, but should only repay the shareholders the capital actually spent. Mr. Yanjoul explains the arguments of Mr. Tchouproff thus, evidently himself being of the same opinion:—

"Every large profit in private enterprise is the result of special risk, special labour, energy, and, finally, of spending one's own capital, or capital obtained at one's own risk, and subject to all the emergencies of competition; meanwhile, this rule is not applied to railways. In reality, the large profits of railways are not the result of special risk; as with the system of Government guarantee, the risk of railway enterprises lies not upon the owners of the railway, but upon the entire country.

"On the other hand, the owners of the railways, the shareholders, spend on the railway not only their capital, but essentially the capital of others in the form of prefer-

[1] *Elementary Principles of Financial Science*, 1895, pp. 119, 120.

ence shares, which frequently represent two-thirds or three-fourths of the entire sum spent in the construction. Thus, not one of those economical principles, upon which the profit of almost every enterprise is based, is applied to railway business, and for this reason the Government has the right of purchasing the line *at the actual cost of the same.*"

What wonderful reasoning! This argument insists upon *—the right of cheating.* We ought to be just to our age: no *solvent* Government has yet violated its obligations in this respect. Statutes and concessions, be they regarded as agreements or separate laws, are Government obligations; the conditions of purchase should be fulfilled as sacredly as the guarantee of profit, as the guarantee of an obligation, as the guarantee of any loan. Every economist who acknowledges principles of right should observe in the opinions of Messrs. Tchouproff and Yanjoul a large element of risk for every shilling entrusted to the Government. We, on our side, consider it our duty to advise people not to purchase the bonds of a Government which should determine to follow the above-mentioned course.

How could an argument in favour of cheating appear on the pages written by serious economists? Evidently this is caused by that mischievous moral infection which has spread even to university professors—the infection of injustice.

English Socialists coolly advise the disavowal of the national debt. It is a question as to which loss is the heavier—the material loss which the population suffers from the unfulfilment of obligations and the violation of the rights of proprietorship, or the moral damage caused by a decline in the proper estimation of individual rights and the rights of the kingdom.

Happily for national labour, there has not yet been time for the exact limitations of suggested infringements. The alliance of cheap popularity with the freedom of administrative practice threatens to present us with such a state

of affairs as will cause us to regret the disappearance of the patriarchal times. The reign of bribery will seem heaven.

Bribery itself will soon reappear. Justice is alone in the world. The violation of justice is always dangerous, even if it be explained by the interests of the Government. Little by little the criterion of morality is lost, and the consequence is the appearance of demoralisation. When large and small infringements of rights form a kind of system, adopted in the interests of the Exchequer, both by heads of the departments and minor officials, then we shall be not far from individual greed.

A rather shaky fulfilment of the Government's obligations is often worse than open confiscation. A Government ought to become more and more susceptible to feelings of honour, and should allow no one to stray from good conscience and reason.

The modern kingdom possesses not only the property of its subjects—to a large extent the universal money-market is open to it.

We have already spoken of the importance of a just rigour in this sphere. Every violation, however slight, of the exterior credit, should be rapidly followed by punishment. But certain financial measures may be proposed, often very profitable, the secret of which it is not easy to discover; and no matter what be the prejudice, they, in the eyes of economists of a certain tendency, form an unpunishable and easy method of refilling the resources of the Exchequer. Such, for instance, is speculation at the expense of the Exchequer. The Government frequently knows in advance circumstances which inevitably ought to cause the rise or fall of stock, and the Government itself frequently appears as the creator of large facts in the sphere of general politics —facts which sow universal dismay or cause happy peace. But neither this foresight nor this power should serve as a source of revenue. No matter how great the temptation to purchase and sell Government bonds may be in the unsettled times caused by Government measures; no matter

how difficult it be to penetrate the secret of such speculations, ethical motives should be sufficient to cause the Government to withhold. The dignity of the Government should be respected in its secret and open actions. But when the "Government's brutality," to use Leroy-Beaulieu's term, becomes flesh and blood of the administrative practice, then the infection, penetrating downwards, creates a mercenary spirit, and, penetrating upwards, undermines the root of Government credit.

If all such actions be renounced; if absolute honour rule in all the affairs of the Exchequer; if all unjust principles be discarded, then there will have been found a mighty means of awakening the national productiveness. Kingdoms where, not in words, but in actions, the Government stands for what is most honest in the country, will not be neglected; its lands will be tilled, and the population occupied advantageously. The material consequences and moral prestige will be a better attraction for capital than the highest walls built by the custom-house. For the majority of contemporary Governments it is not difficult to realize such protection. Rational lawgiving and an unbribable magistracy present a valuable inheritance, which we already possess. It is necessary when applying laws, and in all affairs of management, *prêter la sourde oreille* to all counsellors, who misinterpret plain and common principles, and to demand that unimpeachability should be joined with justice and kindly regard of all institutions and individuals that come into contact with Government organs.

CHAPTER II

Freedom of Industry and Government Initiative. Government and Private Institutions of Credit.

MONTESQUEU stated that the success of the tilling of the soil depends not upon its natural fertility, but upon the degree of liberty enjoyed by the labourers.

These words are true not only in regard to agriculture, but to all branches of national labour and the entire industry of the country. Having insured safety for labour and capital, the law-giver and administrator should defend the liberty of industry within those boundaries, and with only such limitations as are necessary for the protection of the labouring class from oppression and exploitation. In this respect the postulates of free-traders and protectionists should correspond. Having ensured the interior industry by more or less high duties, should not the protectionist give freedom to internal industry? Beyond the ideals of socialism, the limitation of internal industry, defended by external duties, will be a destructive contradiction. We think that in many countries industry, freed from limitations, would flourish with free frontiers. To take away the unnecessary obstacles from industry is one of the best displays of rational protection, which does not necessitate frontier taxation.

In the preceding chapter we stated that, according to our opinion, manufacturing laws do not form a violation of the freedom of private activity in a contemporary government. Now when the fears connected with the government protection of the working-classes are not realised, and the

hopes are only partly realised, we may discuss the question from a purely legal point of view.

We must first separate the prohibition and limitation of the labour of children. The most confirmed individualist must acknowledge that the part of the Government is plain. The torturing of a child, even by its parents, and the deprivation of education, everywhere evokes criminal prosecution. For this reason the lawmaker placed between the child and the employer has to deal with the prevention and punishment of crimes, and not with economical collision.

The questions in regard to the limitation of the work of women, the number of hours, the Sunday rest, the inspection of factories, the obligatory regulations of safety and cleanliness, the responsibility of the manufacturers for the injuries of workmen are not so clear. But we think that in these questions the confusion of ideas has risen chiefly because in the heat of the struggle the defenders of the working-classes had to resort to the aid of socialists, and even of the extreme parties.

With the entire freedom of agreements between employers we should soon see which juridical forms would sanction total slavery. Famine and want would soon cause the workman to send his young son to the poisonous atmosphere of the factory, to send his sick wife to work in a coal-mine, to give his employer *jus primæ noctis* with his daughter, and to offer his back for the lash.

Not allowing agreements of slavery, and even punishing those who enter into the same, the Government, by force of the same principle, has the right of preventing a contract under which any one agrees to execute a work too tiring, or executed in an unhealthy place or without rest. Just as the employer cannot be allowed to beat his workmen, even under conditions of a contract, so also the contract agreements to renounce holidays and respites should be prevented.

The ensurance of pensions for workmen, introduced by

Germany, is the last law which comes under the idea of limitation of the employer's actions. Notwithstanding the protest of the economists of the classical school, the unprejudiced observer will recognise a common measure in this, a government benevolence, which in one or other form never ceased existing, even in the period of the greatest success of Malthusianism. In a cultured kingdom with free borders, freedom of industry may be set as one of the bases of government reaction or national produce, and no fear should exist that the poor classes may lose the vigilant watch which prevents the resurrection of any form of slavery or serfdom. The question of the collision of government economy with individual will causes more doubt. During the last thirty years the central authorities and public organs of local management have striven to widen their economical activity.

The opinions of economists regarding government economy are very various. Molinari, a pure Manchesterian, regards it as negatively as the socialist, Carl Marks. The difference of their doctrine did not prevent them agreeing on this question. Sheffle and Herbert Spencer are both supporters of the organic theory, and have diametrically opposite views of the economical part played by the government. Henry George in neither of his treatises touches this question, evidently considering it unimportant. John Stuart Mill, finding it possible to permit government management in certain enterprises, was afraid of increasing the government competency too greatly; but he met with no difficulties, and declared that every enterprise managed by limited liability companies is adaptable for the direct management of the government. Leroy-Beaulieu, ascribing to governments much more economical competency than Molinari, nevertheless finds many technical difficulties for the government management, pointing out that always and everywhere it prevents carefulness, invention, and pliability, which are the chief qualities in private enterprises. Lassalle ascribes to government a predominating, and Bellamy an engulfing, part.

According to our opinion, in a government with free borders, both government and private economy can develop simultaneously. The absorption of industry by the government and municipal organs (the latter, from an economical point of view, cannot be separated from central authority) will be very injurious. The exclusive domination of private initiative will also have a very grievous effect on the national mass. For the success of the latter, the competition of the government is not dangerous; but the same cannot be said of its regulating activity. Only government monopoly, which is admissible in a few industries, drives away private initiative from the stated sphere of labour. Very injurious is the system of guardianship accompanied by jealous vigilance—the system of preliminary prohibitions and permits. Freed from regulating measures and from improper interference, industry has no need to dread direct government management.

Government and private initiative should be in co-operative relation, and the government and society are equally free in their industrial undertakings.

Having given freedom to private industry, the government should enjoy the same rights. On one side prohibition and limitation should disappear, and on the other, injurious doctrines of government inactivity.

Banking operations should be conducted simultaneously by government and private institutions, and should present a good example of the beneficent influence caused by the free co-operation of both private institutions and government.

The government bank (the central institution of credit), standing on *the entire national credit*, with special privileges and guarantees, is a necessary agent for the development of the industry of the country. First of all it is the bank of banks, as Englishmen are wont to say.

Numerous local offices of the government bank in any country should be acknowledged as a great benefit. In

the capital, the central government bank appears as the very best regulator of the money exchange, and is the director of the rates of discount. In difficult times of crisis, when the most solid private banks and firms may undeservedly and uselessly perish, the exchequer of the government bank appears the natural place of safety, without any risk on the part of the government. Branch offices have other reasons for existence. Connecting the provincial markets with the capital, they at the same time appear as the best pioneers of industry in new places, where a safe banking institution, occupied only by transfers, saving and loaning operations, appears as the vital condition for the development of industry, where a private enterprise does not yet perceive sufficient profit to establish a banking institution.

In general, government banks manage badly as regards discounting operations and commercial credit. In this respect not a single government bank can take the place of private banks. Their establishment, either as limited companies or as individual enterprises, should be absolutely free. Every legally capable subject and any group of persons should have the right of establishing a bank, large or small, with their own capital. A normal rule concerning the responsibility of limited liability banks and individual bankers should be entered into the civil code of laws of the country. The general public, capitalists, the administration and courts, should once and for ever take leave of the system of preliminary permission, and adopt the system of registration. Every one should be at liberty to issue as many bonds or shares as he desires, and at any price. The receiving of investments, current accounts, and issue of loans, ought to be free from any limitations whatever, and from any government watch or control. The criminal and civil responsibility of bankers should be sufficiently severe, an example of which we observe in French laws and in the latest German exchange regulations.

A French economist, travelling in North America[1] in 1833–36, relates how surprised he was when, on the outskirts of civilisation, side by side with virgin forests, in a settlement consisting of only a few poor huts, he saw a sign on one of them, "*Bank of deposit and discount.*" Evidently the capital of this establishment was not large, neither was the statute intricate. Nevertheless, such banks, under conditions of the honesty and thrift of their owners, often contained the germs of colossal institutions having many millions at their command, just as the groups of huts which surrounded them were transformed, within the memory of one generation, into Chicago and San Francisco.

The number of banks in the United States, the country of banking freedom, increased wonderfully, as proved by the following table:—

Year.	No. of Banks.
1820	307
1829	381
1834	506
1860	1,562

During the Civil War the regulations of banking were altered. From 1838 to 1863 the banks enjoyed the right of issuing their own banknotes. With the exception of obligatory immediate cashing, no substantial limitations were imposed upon these private issues. The issue was the right of all banks which were subject to the supervision of a special government control, and which deposited a security of 100,000 dollars in Government bonds, and paid a fine from these deposits to an extent of from 14 to 20 per cent., in case of refusal of immediate payment.

The act to provide a national currency, passed February 15, 1863, laid a foundation for the contemporary arrangement of American private banks. The establishment of a bank is free. It is necessary only that the

[1] Michel Chevalier.

number of founders or shareholders shall be not less than five. The stock capital of the bank shall not be less than 5,000 dollars, and may later be increased according to the number of inhabitants; the banks are under the supervision of the controller of the currency, who gives the permission for the opening of the bank, after having proof that not less than half the capital is paid, and that the organisation of the bank is in accordance with the laws. The controller watches the issue of banknotes, and has the power of revising the bank at any time. Every bank may issue notes (with the signature of the controller) under conditions of their being insured by a special deposit of at least a quarter per cent. of the stock capital in Government funds. A bank with a stock of not less than 500,000 dollars may issue notes to the amount of 90 per cent. of the security; banks with capitals from 500,000 to 1,000,000 dollars, 80 per cent., and so on. The bank is bound to produce a security of 5 per cent. of the issue in cash to the Government exchequer. In the principal towns the exchequer of the bank cannot be reduced to less than 25 per cent. of the banking accounts; 15 per cent. is the limit of reduction for other banks.

Banks that opened before the issue of this law were obliged either to submit to it, and form so-called national banks, or renounce the issue of banknotes [1] and become local State Banks.

The majority of banks preferred the latter course. Many banks wound up their affairs. Only sixty-six national banks were opened in 1863. During the first year it was proved that the new law was not too severe, and national banks became more numerous.

In 1891 the number of national banks reached 3,677, with a total capital of 677,000,000 dollars.

The number of State banks increased also, and in 1891

[1] Two years later, in March, 1865, such banks were allowed to issue banknotes; but these were taxed 10 per cent. of their value, which was equal to prohibition.

reached 2,572, with a capital of 208,564,000 dollars,[1] with investments of over 556,000,000 dollars.

The total sum of banknotes issued by limited liability banks reached 131,000,000 dollars in 1891; but the entire turnover of 6,249 banks (one for every 11,000 inhabitants) was over 17 milliard francs. The discount and loaning operations were 13,140 million francs. Leroy-Beaulieu justly considers the thick net of North American banks an exceptional instrument. Notwithstanding the limitations of the law of 1863, caused by the cares of reducing and securing private issue, thanks to the relative freedom of banking, which *de facto* increased with the increase of the number of banks, the industry of the country possesses a stimulating agent of remarkable effectiveness.

The opening of the banks in the States would be free from all limitations if the question of issue of notes was solved by prohibition of issue for private institutions. In this case we cannot agree with Leroy-Beaulieu, who supports warmly the almost total freedom of private issue, and, along with Wagner and Courcelle-Seneuil, we think that banking freedom should not touch the issuing operation, which, as is the right of coinage, should be the privilege of the Government, or of an institution under its direct control.

Let us not regard the right of coinages and the issue of banknotes as the natural government privilege. The question will be plainer if both are regarded as the duty of the government, just as is the regulation of measures. There is no doubt that, even without the interference of the authorities, trade, by means of habit and individual agreement, would institute measures. But everywhere such functions are always carried out to greater advantage by a government issuing binding regulations. In our days great steps have been taken towards the institution of universal measure, whereas, as some still remember,

[1] Consequently their average capital did not exceed 80,000 dollars.

several different measures existed in the various kingdoms of Germany alone. It is the same with the coinage. It ought to be coined by the government. Former government falsifications, we hope, will not be repeated in our days. The Government's stamp on pieces of metal transforms them into current coins. In future we must expect a unity of coinage similar to a unity of measure.

A similar duty is assigned to the government in respect of the issue of banknotes. Not as a royalty, but from purely utilitarian views, the government is bound to supply the country with a sufficiency of full-valued paper-money. At the present time the best solution of the question is evidently the system adopted by France and England, where the issue is given to a bank that is in a great degree governmental. As we have seen, American banks are deterred from issuing notes by a series of limitations and a strict control. Some banks during the war issued notes, but this was done by authorisation of the Government, which made several issues. We think that the permission of private issue indirectly caused the entanglement of monetary exchange, from which the United States, though such a rich country, suffers, despite its small burden of debt. A strange anomaly is observed: the credit of the Government is very high, but the banknotes are regarded suspiciously, notwithstanding the fact that they can be immediately changed to gold.

Private banks, incurring large expenses, had to do the duty of the Government. The reason why many banks decline the right of issue is very plain.

In Germany the majority of banks refused to issue notes in favour of the Imperial bank, and up to January 1, 1888, only seventeen banks enjoyed this right; but we must remember that of the banks which retained the right of issue the chief were, in reality, the central banks of various kingdoms of the Empire (Bavaria, Wurtemberg and Baden).

In Switzerland, where the cantonal banks issued bank-

notes, cashable in other cantonal banks, we can see how important is the unity of issuing operations. The scarcity of gold there has become a chronic matter. Political mistrust prevents the establishment of a general federal bank.[1]

Total freedom of issue has existed in no land during the two last centuries. The permission of such freedom is the more difficult the stronger the idea of right. In reality, if any institution is allowed to issue banknotes, with the only obligation of cashing them, and without any limitation and government control, and the public has the right of acceptance or non-acceptance of these tokens, then courts will find it difficult to prove the substance of crime in the uttering of forged papers, and the police will hardly be able to prosecute the forgers. The difference which at present exists between a bank that has put into circulation a million's worth of notes, though its exchequer is empty, and a "free printer's" establishment which undertakes to increase the number of banknotes without any security, will disappear. Courts acknowledge that the struggle with forgers is the business of the banks, and does not relate to the authorities, since the public sees what documents it accepts. In a similar manner, total freedom of measures may be allowed. Let the public itself take note of those shops where free pounds, metres and yards are used.

Limited and controlled private issue exists, and has existed, in many places. It yields small resources to banks, but in times of panic is an extra danger for the entire market. A secured private issue is nothing but a useless and inconvenient transfer of the Government duty to private institutions.

The question of free private issue up to the present time has prevented the free opening of banks on the European continent.

The freedom of private initiative in the opening of banks is displayed in the most advantageous utilisation, first, of

[1] The agitation against the establishment of a federal bank was purely political.

all the native capital; secondly, of that part of the universal capital which emigrates from its native land, seeking the most advantageous investment. The institution of new banks by foreign capitalists is the first step in the approach to the productive powers of the country.

The free institution of minor limited liability banks assists and encourages thrift among the poor. Every intelligent, honest and laborious man with a good reputation has an opening for independent activity in the sphere of commercial credit. To collect from fifteen to twenty thousand francs, twelve to fifteen thousand marks, five to six thousand roubles by issuing very small shares of a value of several francs, marks or roubles, will be a very easy matter when the law of the country renounces the system of preliminary permission and consecutive control.

In that primitive bank, which attracted the attention of the famous economist, in the poor settlement on the border of civilisation in the Far West, possibly the interests of the client were more honourably considered than they would have been in the grand palaces of the New York banks.

After the abolition of the right of issue of banknotes (a right which affects the interests of the entire government), the prejudice against the total freedom of banking operations must disappear.

Shareholders, investors and clients of the newly opened banks should see for themselves with what persons and enterprises they are dealing. The hope of additional guarantees, which seem to exist with the discriminative issue of concessions, has frequently proved an illusion. The criticism of the statutes, and the sword of Damocles in the form of government revision, often turned solid capitalists and honest labourers from the commencement of co-operations in commercial credit; but plunderers were not frightened.

Institutions of mutual credit should enjoy entire freedom, and, in certain cases, even government aid. Science and practical life have explained this question sufficiently. The

principle of mutuality has proved very adaptable to mortgage and trade credit. During recent times the German banks of Raiffeisen's system and the Italian national bank have created a capital out of almost nothing. Schultz-Dehlitz and Raiffeisen commenced their activity with only several thousand thalers, and during their lifetime so enlarged their establishments that they were able to operate with milliards. The national bank of Milan possessed seven hundred lires on the day of opening. Now the total of loans issued is over ten millions.

For us the fact is important that all these varieties of large and small institutions of mutual credit develop side by side with limited liability banks. The success of both proves that powerful authority and healthy society can divide the field of action with capitalism, and that the existing economical order contains the elements which, instead of promising a dangerous enmity, may result in a free and friendly union.

CHAPTER III

Government Activity in Bettering the Life of the Labouring Classes as a Factor for the Elevation of Native Produce. Private Enterprises, Co-operative Companies and Government Housekeeping.

THE absolute necessity of freedom for enterprises of individual capital is sufficiently adopted in all civilised countries; with regard to limited liability companies and partnerships (of which we will speak later) there exists no unanimous opinion. A farm, workshop, factory, mill, shop or trade office may be established by capitalists with their own means and at their risk wherever they desire.

Whether the custom-house wall of defence be high or low, the multiplication of the centres of industry is equally undesirable for free-traders and protectionists. Acknowledged everywhere, the principles of freedom for every person's industrial initiative are practically limited by regulations which at first sight seem of very small consequence, but which are in reality very burdensome. Such are police regulations, and all formalities connected with the receipt of various permissions.

The unexpected obstacles with which the enterprise may meet in provincial towns and before rural authorities are difficult to overcome. The danger is very great in federative countries, such as the United States, Switzerland, Germany, Austria and Scandinavia. In all countries it would be advantageous to issue a special, universal, and binding law, ensuring the freedom of commencing and operating private enterprises.

For the daily necessities the kingdom itself ought to appear as the pioneer, the producer and the merchant. Government farms, government factories, government shops have many enemies, and these enemies often tell the truth concerning the defects of government housekeeping. Nevertheless, no country has managed or manages without government housekeeping.

The demands of the army and navy necessitate certain factories, even in the case when the military forces are reduced to limits barely sufficient for internal security. Crown domains, forests and other properties are a very desirable form of government revenues, but necessitate a series of direct housekeeping measures. The Post Office and Telegraph Department, as proved by experience, are easily managed by government organisms. Further on we shall mention the intricate and disputed questions connected with government labour in the construction of communications: this sphere of activity is sharply distinct from all the national produce and exchange.

During national calamities the government always has to engage actively in such branches of industry as are not considered adaptable for government management. General want of work caused England to supply hundreds of thousands of men with food during the North American war. In Russia the purchase and distribution of grain by the government during years of famine was a vast piece of national business.

Where the necessary operations of government housekeeping proceed smoothly, there it can be widened under one chief condition, namely, the total freedom of private activity. The only exception should be fiscal monopolies.

If the government and local management manage their property, capital, lands, forests, houses, mills, workmen successfully, then the housekeeping activity of the government (we mean the central government and the local branches of official control) may be widened with great advantage for bettering the life of the national masses and

with beneficent results for all the native industry, without the least violation of its liberty, and in no wise following the programme of the socialists, and even without causing great joy to the supporters of government interference.

Since the days when the iron law of wages occupied a grievous position in the history of economical mistakes, certain increases, absolute and relative, of wages are noted in all countries. Statistics helped to bring on a better state of affairs. The indirect results were the consciousness of the fruitfulness of efforts with a view to cheapening articles of prime necessity required by the nation.

Healthy dwellings, cheap bread and decent clothing might better the lot of the working-classes with the same wage (gradually increasing), and with the dread of the increase of the population and natural levelling of wages no longer overhanging. Even at the middle of the present century the struggle of co-operative companies and the government against high prices proved that for the greater part of his necessities the poor man pays needlessly high prices. If as a producer the workman did not take part in the distribution of the extra cost, then as a consumer he frequently paid for the extra number of discounts. The excessive difference between wholesale and retail prices, which does not enrich the capitalist, falls as a heavy burden on the budget not only of the national masses, but on the lower class of tradesmen and all those who exist on slender earnings, including members of the so-called liberal professions.

Capital pays a premium to acquire funds at three and two and a half per cent., and the labouring population pays for its housing three times more than is made necessary by land rent and the cost of building, with reasonable and economical use of materials.

It is proved by experience that the lessening of the gap between the hard-earned penny and the real price of goods increases the general welfare, no matter whether the

shrinkage is caused by private initiative, or societies of consumers, or government aid.

More than this, such an activity leads to the strongest and most direct growth of produce, and to the increase of national wealth, because of the addition to the buying capacities of the population.

If with the same amount of earned francs, shillings, marks and roubles, the labourer pays the builder, the manufacturer and the farmer the surplus which expresses the difference between the wholesale and retail prices, or is the result of inferior utilisation of capital, by obtaining a greater amount of produce the labourer betters his lot. This surplus, multiplied by milliards of working-days, will be a real happiness for contemporary industry, which is always searching for markets.

Thousands of co-operative societies, with millions of members, have a history of more than half a century.

The prototype of the English societies, "Equitable Pioneers of Rochdale," was founded in 1843 by twenty-eight working men, with a capital of £28. In a dull lane of a small town near Manchester a house was hired, in which a shop was opened. Of the merchandise of the first purchase the most valuable items were three sacks of flour. There was no end to derision. Seventeen years later the number of members was 3,900, the capital £43,000. After forty-eight years the society possessed enormous warehouses, shops, a club; the number of members reached 12,000, and the capital £300,000 (7,500,000 francs); the profits amounted to 1,305,000 francs. The example of Rochdale was followed by other towns. In 1892 there existed 1,500 such societies in England, numbering 1,100,000 members. The clear profits for 1891 amounted to 110,000,000 francs. English societies join together to effect wholesale purchases. The extent of the latter is seen from the purchase of over 10,000,000 francs' worth of butter in 1891.

In 1894 there existed in Germany 1,412 societies. Of

these, the 417 which forwarded copies of their yearly accounts to the "General Union of German Societies" numbered 268,380 members, with a capital of 16,959,314 marks, selling 77,669,145 marks' worth of goods in 1894.

In all countries the first steps of co-operative societies are difficult. The danger of bankruptcy and dissolution always and everywhere is great. It is necessary to face the fact that many societies will have to be closed, and that only solid and well-managed ones will continue to exist.

Entire freedom in this business is the best principle. General measures of government aid and its help are very useful, but all efforts should be made to avoid single and casual protection or interference.

In Germany within the three years from 1889 to 1892, new societies sprang up to the number of 508, but 203 were closed. It is evident that active criticism is brought to bear upon these institutions, which separates, in regard to general usefulness, the living organisations from the still-born and unsteady ones.

No matter how great are the difficulties met with by co-operative societies, they are always aided by the irresistible logic of figures and facts. In France, with a total consumption of twenty-five milliard francs, the population paid an overprice of 25 per cent.; that is, seven and a half milliard francs.

Leroy-Beaulieu considers that a difference of from 10 to 15 per cent. between wholesale and retail prices ought to be acknowledged moderate; a rise of 20, 30, and sometimes even 40 per cent. may be borne; but often the difference is as great as 100, 200, 500 or 1,000 per cent. Co-operative societies in France enjoyed a profit of only 40 per cent., and their activity plainly aided industry and consumption simultaneously.

Bread baked in large towns often becomes dearer when the price of flour falls. The very great difference between the price of grain and the price of baked bread arises from the management of the business.

According to Archambanel, a kilogram of white bread in Paris cost 45 centimes in 1878 and 38 centimes in 1863. Since 1881 the price of wheat has fallen, but the price demanded by bakers is the same. In the meat trade the same anomaly is observed.

There is still plenty of room for the extension of the co-operative idea. In England, according to the opinion of Leroy-Beaulieu, it covers only one-thirtieth of the local market, notwithstanding the yearly sum of the turnover exceeding milliards of francs.

Private initiative has also begun to act in the same manner as co-operative associations.

The greatest display of the concentration of business is to be observed in the Paris firms known under the general appellation of "Grands Magasins."

The substance of these enterprises consists of the attraction of a very great number of purchasers by cheapness and good quality of wares and their variety. Against the low factory prices at the "Bon Marché" and the "Louvre" the public paid not more than 21 per cent., reckoning in this all the expenses of the firm, the profits of which did not exceed from 5 to 6 per cent. With the enormous trade, which in 1893 reached 150 millions in the first firm and 120 millions in the second, the enterprises yielded enormous profits. The advantages of the seller and buyer corresponded.

Only in England did the construction of dwellings for the poor class become a very extensive business. In other countries this business is still in its infancy.

Large and profitable results from the construction of cheap houses in London and other localities were attained, thanks to the co-operation of workmen acting in harmony with private enterprise. Limited liability companies were formed, some with the aim of constructing houses with cheap dwellings adapted for the use of the labouring class, others for the construction of dwellings to be sold for cash, the payment being made in instalments, so that the houses

became the property of the purchasers on the so-called Mulhausen system. The number of co-operative associations of workmen for the construction of dwellings reached the total of 14,000 at a certain period; the value of the buildings amounted to £17,000,000 sterling; the sum of loans for the construction of houses £11,000,000 sterling; the number of members was 800,000. Most of these associations were instituted for given periods. After the realisation of their aim they were closed; but in 1894 there still existed 2,500 associations. Limited liability companies and co-operative associations did not prove hindrances to one another.

On the European continent, only in Germany the construction of cheap dwellings was an assured success, though not to such a remarkable extent as in England.

Summing up the total activity of co-operative associations and private enterprises for the cheapening and bettering of articles of consumption, we find absolutely large and comparatively small totals. Much has been done, but much more ought to have been done.

The Government, through organs of local management and by direct acts of central authorities, should freely and widely develop its activity, and prove a powerful and authoritative collaborator in private enterprise and co-operative institutions. A series of convincing examples has already proved the excessive benefit proceeding from government aid.

Birmingham constructs houses, trades in eatables, has stores of fuel and other articles. During recent times the housekeeping activity of the city has developed and become extremely complicated. Other English towns follow the example of Birmingham. Liverpool serves as a typical example of energetic municipal trade. With great success this town undertook and finished the construction of several houses with cheap lodgings (265 dwellings were opened in 1885). The expenditure was £68,125 sterling; in 1893

no less a sum than £2,825 was received for rent of the dwellings; the average profit was two and a half per cent. Another large house cost the city £16,145 sterling, and has yielded four per cent. clear profit since 1893.

England has issued a very important law for the extermination of unhealthy and cramped dwellings—Artisans' and Labourers' Dwellings Act (1868). This gives the local authorities the right to compel landlords to effect repairs, and in case of extremities to pull down such houses as may be in an unfavourable condition. The rebuilding may be effected by order of the District Council, and with the expenditure of public money, under the condition that each sum should be entered as a loan for the rebuilding of a house, the loan carrying interest at the rate of four per cent.

To raise necessary capital, special local duties are allowed to be levied. After seven years, an additional Act was issued in 1878, which gave the right of reconstructing entire districts of towns, with a view to improving the sanitary conditions, and with the right, in case of necessity, of expropriating the land necessary for the construction of the new buildings. The resources were (1) a special tax, (2) loans, (3) government three per cent. loans.

No matter how short be the time that has elapsed since the appearance of Government initiative, it is very important to register in England the success and adaptability and benefit of direct participation of local and central government organs in the economical life of the country. Not less important is the fact that the housekeeping activity of the government is there displayed, where, with the greatest intensiveness, co-operative associations and individual initiative have already acted.

When more facts of this kind have been accumulated, it is possible that in the consciousness of modern nations the conviction that the word "co-operation" has a wider meaning than formerly thought will become stronger.

What causes explain the late institution of government

housekeeping in a classical country of individualism—in the land of historical mistrust of the government?

The cause of success, in our opinion, consists in the fact that both the local and central powers of England acted without violating the freedom of industry; the newest British enterprises display not government interference, not government monopoly, but government participation. The municipalities of Birmingham, Liverpool, and other towns appear as competitors, not as monopolists, in no case endeavouring to force reaction. The aim is the cheapening of the workman's life. A government house and a government shop spring up side by side with private and co-operative ones. The relations of legality are not changed. The principles of socialists and Manchesterians are equally renounced.

It remains to hope that the good results of the activity of the English Government's methods, begun with such success, will not be checked, and that in other lands a like spirit will pass from the region of words to that of reality. Public actors will have to work hard at first, display much energy, and still more resignation. To institute great public benefits, to issue popular laws, to reform taxes, are deeds which produce many benefits and much glory, which rapidly become famous and reflect honour upon the pioneers. There are other affairs which demand not less, but possibly more, energy and labour—affairs which bring but a late recompense, or even none at all. To such belong those every-day labours which are necessary for the management of institutions established by the government or local authorities with a view of cheapening the life of the poorer classes. When such institutions are of small success or cause losses, then there is no end to condemnation and reproach. When the business flourishes, the reproaches disappear; but the praise is neither ready nor abundant.

The nearer the institutions of assistance are to the daily needs of the masses, and the more successfully they are

conducted, the more their directors should seek gratification in the sense of having fulfilled their duty, and not in other and material forms. The reward for all labours and unpleasantnesses lies in the conviction that they have undoubtedly succeeded in reducing the total of the sufferings caused by want.

Christian morals are the most likely to develop this feeling of honourable resignation. Nations, the upper classes of which are strongest in the depth of their religious feelings, which have separated from false devotion and made their peace with positive science, have the greatest chances of putting forward a sufficient number of men capable of fulfilling the high mission—the reward for which is not of this world—of bringing the wide means of the modern civilised kingdom nearer to the daily and unavoidable wants of the national masses. Certain happy facts in the newest history of England and America are undoubtedly created by such a high elevation of the feeling of resignation.

The freedom of industry ought to be a general rule. Exceptions appear only in those enterprises which cannot manage without preliminary permission, without the assistance of the State, without one or other privileges, and without direct or indirect aid. Owing to the substance of the business, a concession from the local or central authorities is necessary when the work is carried out in co-operation with the Government. As a concessionary form of industry, where the non-interference of the Government cannot take place, we class nearly all those enterprises which are connected with municipal welfare, and those labours of State importance which can be executed by private indivividuals, companies, and partnerships by authorisation of the Government, with the observance of conditions mutually agreed upon. It is necessary to decide what work the Government should do by its direct ordering, and what work can be given out as contracts.

It is difficult to exaggerate the importance of the question dealing with the development of native industry. To State labours we shall in due course devote a special chapter, and will now discuss local initiatives, principally in regard to the welfare of large and small towns.

Not long ago municipalities in all countries lent a willing ear to the requests of contractors. The enormous capital which was used to establish municipal enterprises up to recent times belonged exclusively to private industry, and private persons and companies were the initiators.

Now other times have commenced. Every company, all partners and contractors who wish to undertake, even under plainly advantageous conditions for the inhabitants, contracts for the management of part of the municipal housekeeping, are regarded suspiciously. A choice is made, not between two contractors, but between private and government management, and the latter, as a general rule, is preferred. Existing private concessionary enterprises are regarded with animosity. The profits of the companies are considered as losses of the population, their authority as usurpation, and as a kingdom in a kingdom.

Such opinions quite naturally hold very strongly wherever Socialists, of whatever grade, are numerous. Where Socialists have but small influence, the same results are frequently attained, owing to the fashionable worship of government interference. But the predominating influence belongs neither to one nor another economical science, and still less to the manifest advantage of the population. The decisive element is the fear of public men for their reputation. It is difficult for any initiative to stand firm under the loud reproaches which are showered against those who grant concessions, concessioners, and against their upholders. On one side we observe that fiery speeches are delivered against plutocracy, and on the other we notice that popularity is courted with scrupulous care. The struggle is unequal and unfair.

The triumph of cheating over common-sense has caused,

and will still cause, much evil. In back lanes, in fashionable districts of the capitals, and in the distant provinces, the consequences of exclusive trust in the self-contented municipal management will be felt. Paris is plainly becoming dirtier, Petersburg has no canalisation, no decent pavements, and uses injurious water. The sanitary conditions of Moscow are terrible. The best managed towns have numerous unsatisfied necessities, funds for which could have been found long ago, if the realisation were not put off year after year by officials who dread to give out even the contracts most advantageous to the municipality.

This suspicious fear of private initiative in the municipal management reminds us of the labourer who, in conversation with Molinari, declared that he had no desire to know political economy, for if his fellows got to know that he had become acquainted with this science, he would undoubtedly be considered a servant of the police.

The truth is that, in reality, no difference exists between private initiative and municipal management. One powerful hand may, with great advantage for the population, manage some municipal business directly, making use of private companies for other business. It should be remembered that "le mieux est l'ennemi du bien"; prejudices should be avoided, and criticism not dreaded in too sensitive a manner. There are grounds for hoping that the rising generation will possess civil courage of a better stamp than the present.

Experience proves the most infallible system. In localities where the direct satisfaction of one or another necessity of the population has given good results, this form of activity should be developed. The front rank should be occupied by the daily necessities of the population, and not by doctrines. Once any necessity is ripe, it is advantageous to satisfy it by the means and ordering of the Government. If such a condition entails a very long or indefinite postponement, it is necessary immediately to commence open search for private contractors. Every municipalist may be

told: *Do it yourself if you can, and do it immediately. In the opposite case, invite the aid of others.*

The blending of private initiative in all affairs of local management with the wide development of government management is signified by the above formula for the speediest satisfaction of all necessities. Such principles will surely be adopted by Local Boards, if the supreme government displays its influence and itself steps along the fruitful path of union and the parallel development of government and private initiative. The native industry will acquire a constant and energetic impulse which no tariffs can produce.

The nation which decides upon adopting this course may fearlessly open its frontiers. Its trade and finances will gain, because the national welfare is a factor of the national wealth, and will put an end to the sad dissension caused by the existence of an overflowing exchequer and rich higher classes among a mass of poor constantly on the verge of absolute poverty, owing to the danger of absence of work, caused by the inactivity of the Government, by repressions with regard to individual initiative, and by the struggle which uselessly spends so much power in the strife with the elementary inclination of the universal market to general union.

CHAPTER IV

The Laws Concerning Capitalistic Initiative. The Freedom of Capitalistic Associations. Foreign Capital and Free Frontiers.

AMONG the conquests made by collectiveness and socialism of various shades, not the least is the discrediting of freedom. Happily for mankind, the principles of humanitarian public right became part of the national flesh and blood before the struggle, which was begun against individualism, placed the friends of freedom nearer to the reactionaries than to the supporters of the newest economical currents. If governmental, academic and militant socialisms, if the followers of Marks had been as strong twenty years ago as they are now, and if the great change of the seventh decade of the nineteenth century had been late, it is possible that slavery would still exist. It should be remembered that the preaching of Cabet, Prudhon and Marks corresponded with the time when the trade in human beings was still firm in America, serfdom existed in Russia *de jure*, and in Germany and Austria *de facto*. The abolitionists would have found it harder to incline public opinion to their side if in their midst a doubt of the advantages of free competition and free labour had existed (although the doubts would have been founded on other principles than the efforts of the feudalists and serf-owners). The extreme economical schools had time to exert a bad influence in Russia. During the first years of reforms many were of the opinion that the order of affairs ruling in Western Europe was not adaptable for Russia, which ought to adopt better social forms, avoiding these

intermediate phases. It is not necessary to say how such conceptions weakened the enlightened ranks of thinkers and relatively strengthened their opponents.

In the sphere of industry a similar influence is observed in the limitations of new enterprises, which take advantage of the means of capitalistic association. In the most concrete form the unpopularity of individualism was expressed in these limitations, which are seriously felt by anonymous companies, whose activity on the universal market is expressed by hundreds of millions.

The formation and foundation of large and small capitalistic kingdoms within a political kingdom is especially limited by a series of jealous restrictions. The principles of freedom are removed to the second plan. Little importance is ascribed to the will of the capitalist who offers his savings.

The ultra-regulating principle is brought forward—the paternal care for unreasonable investors, who without government guardianship risk losing their savings. The danger is supposed to be equal both for the poor and the rich man. The principal presumption is the stupidity of both one and the other.

England has long been known as a country where the laws abound in inconsistencies, but where healthy ideas are infallibly applied to life, although not always openly declared. The British laws concerning trade and industrial companies also consist of a happy contradiction between administrative and juridical practice. The Bubble Act (June 11th, 1720) prohibits the further formation of companies of shareholders with corporative rights, without the special permission of the Government. Practically the law is avoided, as it did not relate to limited liability companies. During a period of over a hundred years the trade world of England was satisfied with the form of full partnership, avoiding the demand of parliamentary acts. Remarkable ingenuity was displayed in the invention of prospectuses of such a kind that compliance with the legal clause was more

apparent than real. The general laws of England did not prevent the transfer of shares from one person to another. Taking advantage of this, the founders of new companies declared that they were founding a new enterprise in accordance with the Act of 1720, with unlimited liability of the partners, but added that this liability would disappear once the shares were fully paid for and sold to another person. In any other country, administrative orders or influence would long ago have put a limit to such inventions. In England the courts could only uphold the law. Judges did not undertake the initiative, and legal suits were disputed and expensive. In reality the prohibition contained in the Bubble Act was less oppressive than the well-meaning but meddling, all-embracing legislation of the Continent. During the last two years in which the Bubble Act was in force, from 1823 to 1825, in view of the speculative inclination which seized the market, the Act was considered a dead letter. In such a short period 636 companies were formed with a capital of £372,000,000 sterling, of which only £17,600,000 were really paid.

The repeal of the Bubble Act was not accompanied by a positive legal permission to form companies with limited liability. As formerly, the business of companies was conducted on the principle of the special adaptation of the principles of full partnership; as formerly, the new enterprises reckoned with only the customary right and the legal practice.

During the period of the railway mania in 1844, a general law finally made its appearance, which, together with certain limitations, gave companies the rights of legal individuality. An office of registration of limited liability companies was established. Two registrations were necessary: preliminary and final. The first was executed by the founders. They were bound to present the registrar with all the chief information regarding the newly established company, and then only received the right of issuing shares and inviting public subscription. Further, to ac-

quire the proper legal position, it was necessary for the founders to receive from the registrar a final registration, it being necessary that at least part of the shareholders should sign the declaration stating that the capital was collected. Then the company might commence operations. Besides this, the law of 1844 introduced certain general rules for the internal management of companies, something like a normal statute. Further, it was requisite that every change of directors should be declared to the registrar, and that the Board should always possess and issue to every one a list of shareholders.

Under the condition of life and government order in England the limitations of 1844 were not of consequence, but the privileges were of great value. It was not difficult for new enterprises to conform with the regulations of the law as long as the registration did not become a preliminary permission, attended by delays, accidents, and high-handed procedure. The advantage was displayed by the increase of new companies, of which 4,049 were registered during nine years; of these over 3,000 were newly founded. The second registration was not observed by the majority, because the prohibition contained in the law of 1844 against the trading of shares before the second registration had no importance, as the money-market of London, by its statutes, was independent of Parliament, and, according to its regulations, permitted operations with temporary certificates.

Finally, in 1855, a law appeared which instituted the limited liability of shareholders. The Joint-Stock Company's Act, which abolished the double registration, appeared in 1856.

During one hundred and sixty-five years, from 1720 to 1885, the ancient liberties of England defended her industry. To these liberties, created in the Middle Ages, the country owes many enterprises, which were established without bureaucratic guardianship and which enriched the population. These liberties created trusty regulating principles in the form of exchange corporations. No one

prevented the free sale and purchase of shares or bonds or the declaration of their price. But, to be valid for insertion in the official quotation of the London Exchange, such conditions were imposed that it was often easier for many to obtain Parliamentary permission. The committee of the London Exchange, by force of its ancient prerogatives, decided whether certain shares or bonds were to be allowed to circulate on the Exchange and to be inserted in the official quotation. During their debates, little attention was paid to the observance of the forms ordered by the Government, or to the existence of a special permission.

The Committee of the London Exchange never allows stock to be quoted in the official list without a recommendation received from one of its own members. This person, under fear of being expelled from the Exchange, is responsible for the veracity of the information given respecting the new company. The committee satisfies itself that the shares of the company enjoy a certain circulation, and that the greater part of the capital has been paid, and is not squandered. The company must be of some consequence, established without violations of the law, and must have a statute, preventing the issue of preference shares for a sum exceeding the stock capital of the shareholders. The agreement made between the founders must be published, and the number of shares or bonds allotted to the founders must be made known. In general, no misrepresentation or suppression of material facts is permitted. Furthermore, the statute forbids the Board to purchase shares of the company with its capital. Such are the conditions that must be complied with before an official quotation can be obtained. In England these conditions are considered strict. Many companies provided with recommendations have vainly awaited the access to Exchange. Hundreds of requests were refused during fifteen years (1862–1877). The London demands would have been considered very lenient on the Continent.

For the mass of companies that decided to manage with-

out the sanction of the London Exchange, and to take advantage of the services of the press and private banks, the conditions of the London Exchange are immaterial. The most evident proof of the total freedom of limited liability enterprises in England is the unique nominal value of the issued shares. In distinction from continental customs, the shares may be of any value, according to the desire of the founders, with no limitations whatever. One pound is a very usual price. In 1891 the Ancient Gold Field of Africa Company made efforts to issues shares of the value of one farthing.

The acting laws of England concerning limited liability companies are founded chiefly on the Act of 1862.

The most important additions to this law appeared in 1867, 1877 and 1890.

To acquire the rights of a body corporate it was sufficient to be registered at the Registration Office, for which purpose it was sufficient to state: the form of the company, with the addition of "Limited" (that is, the liability is limited to the shares), the address of the Board, the activity of the company, the amount of stock capital, the number of shares and their nominal value, the names, addresses and professions of the founders, the number of which should not be less than seven and who should possess at least one share each. The founders were obliged to sign the declaration, and their signatures had to be witnessed by at least one person. This was all. How much has been received in payment for the shares, the Government institutions do not try to learn. The company may compile its own statute, or use the normal one appended to the law of 1862.

Both this normal statute and the majority of the 212 clauses of the law contain the usual formalities of limited liability companies. The Board, says the law, should always give the shareholders an opportunity of becoming acquainted with the list of owners of shares, with the liabilities of the company and the half-yearly balance

sheets (of banks). The later law contains many important facilities; the limitations concern the rights of creditors of insolvent companies, their liquidation by decree of court, and, finally, the violations of a purely criminal character, such as intentional unveracity of prospectuses. The law of 1867 permits an unlimited issue of shares either personal or payable to bearer. The law of 1877 allowed all companies to reduce their stock capital even without the consent of their creditors.

The freedom of capitalistic initiative thus attained a considerable fulness during the years between 1860 and 1870. Legislators carefully avoided the remaining obstacles which, *de jure*, impeded the foundation of large and small limited companies.

Now in England any person who has collected a small group of supporters, rich or poor, may declare a new company, and Government institutions are obliged to register it as a new corporate body. The amount of capital may vary from several hundred pounds sterling to hundreds of millions. The capital is either paid up in full or for the greater part remains fictitious, at the option of the founders and actual directors. It is unnecessary to ask any permission whatever to make any increase or reduction of the fictitious or actual capital, once the general meeting of the shareholders has arrived at any decision. The value of the shares may be as low or high as desirable. The shares may be payable to bearer, personal, or both. The founders may retain, free of payment, any number of shares they desire in remuneration for their services. To repay the preference shares no Government control is necessary. All shares may circulate and be quoted on the Exchange. Any shares may come into the official list of quotation if the London committee, which is not in the least interested in the views of the Government, is kind enough to accord this desirable privilege.

According to the opinion of continental legislators, such a state of affairs ought to ruin a kingdom.

As a matter of fact, it has given England wealth. The facts are too decisive. During twenty-five years, from 1862 to 1886, limited companies to the number of 25,363 were registered. Many thousands met with an untimely death, or never commenced operations, or went into liquidation of their own accord, or experienced the burden of legal liquidation. But in 1894 the United Kingdom counted 18,361 companies, with a paid-up capital of £1,035,029,835 sterling—a capital one and a half times greater than all the capitals of the limited companies of France and Germany put together.

According to the official certificate of the representatives of the London Exchange, there exist a very great number of English companies which operate abroad; they possess an English capital, fully paid, of £66,000,000, and their shares circulate on the London Exchange. According to general opinion the Act of 1862 marks the commencement of a new and happy era. In the well-known work, *The History of British Commerce*, p. 462, the period of 1863–1865 is named the "Extension Mania," because at this time the nation made all possible efforts to extend its commercial enterprises. At this time the erection of houses, the building of ships, the organisation of mines, and other businesses were developed very extensively. Small capitalists bought such industrial shares as in the general animation of the market seemed to present a very advantageous investment for capital. During the years between 1860 and 1870 more than 5,000 miles of railway were constructed in England, or nearly as much as during the Railway Mania. Notwithstanding the civil war in America, which stopped the delivery of cotton, the manufacturing trade developed rapidly. With the decrease of cotton mills the produce of woollen and linen goods increased.

The English export abroad during the five years from 1861 to 1866 rose from 125 to 189 millions sterling.

The issue of laws concerning the entire freedom of trade

and industrial incorporation in the United Kingdom coincided with the final triumph of the principle of free international exchange.

No external union existed between Gladstone's tariff and the Acts of 1856, 1862 and 1867. But the internal similarity was great. The same spirit caused both reforms. Having declined the services of the Government in the form of the artificial increasing of prices, the British industry needed, first, the destruction of obstacles to industrial initiative, and secondly, the genial sanction of capitalistic associations of all kinds. New England, overcome by Cobden's ideas, naturally demanded something like the reverse of the Bubble Act.

The new order was not quite strong in England, and the influence of continental State socialism was felt at times. After the crises, which were repeated about every ten years, repressive means against incorporation and Exchange speculation acquired a certain popularity. In 1876 the British Government tried to pass a series of limitations, of which the chief was the categorical condition that the subscription for shares should amount to at least half the stock capital; otherwise, according to the project of this law, the company was refused registration and the rights of legal personality. Various standards for founders' prospectuses, and even for the acquisition of immoveable property, were invented to ensure the companies against bargains openly disadvantageous for the shareholders. The bill was presented, subjected to many alterations at the sittings of committees; but at the meeting of the House it became evident that the reform did not enjoy popularity and was not likely to have a majority of votes. The Government did not persist, and the bill was abandoned. Twenty years later serious efforts were renewed. A committee was embodied for the purpose of investigating the question of the alterations necessary in the laws for limited liability companies, with a view to preventing swindling in the founding of companies and in their management.

The committee heard the representatives of the London Exchange—the tribunal which up to this time had been most feared by the speculators. Contrary to expectations, the members of the Exchange declared themselves decisively against any limitations and obligatory guarantees. "Oppressive measures," said they, "instituted for the purpose of checking abuses, will lead to the best and richest operators leaving the business." Furthermore, while making reference to the above-mentioned figure (£66,000,000) of the capital of English companies doing business in foreign lands, the representatives of the Exchange gave it as their opinion that the limitation of these companies alone would cause the transfer to the hands of foreigners of those branches of trade in which England, thanks to the Companies Act, holds a monopolising position. Even admitting that, during the force of the said Acts, many abuses were practised, which made dishonest enrichment possible, nevertheless their consequences were very important and beneficent, because "they assisted the development of industry in England and her colonies." In addition to these convincing and authoritative counsels, the committee itself observed principles other than those observed by the author of the project of 1876. In its report the committee stated its own opinion as follows:—

"The laws cannot defend the public from the consequences of its own carelessness, inexperience and indiscretion; the lawgiver is not capable of inspiring it with discretion, common-sense and understanding of business. It is necessary to remember that the majority of companies are formed for the honest conduct of, though speculative, yet legal trade and industrial enterprises."

Wisdom itself is contained in these words. They should be engraved in letters of gold on the walls where the authoritative economists of any country are occupied in the compiling of new trade and Exchange rules.

France, from the time of the Revolution being behind England in the reality of freedom, was more advanced in

law-giving principles. The freedom of industry was declared on March 2nd, 1791. Notwithstanding the troubled times, it soon became evident that the freedom of partnerships and companies was the most advantageous expression of the freedom of industries; numerous trade enterprises sprang up even under the stress of revolutionary storms. But the favourable circumstances did not last long. The Government, issuing enormous quantities of uncashable bills, saw with dissatisfaction that the price of industrial paper became firmer, whereas the price of the bills became very low. In view of such conditions, the revolutionary rulers were not slow to take extreme measures.

The National Convention issued a decree, dated August 24th, 1793, in force of which all companies with shares payable to the bearer were to cease operations, the further foundation of such companies being possible only with the sanction of the authority, asked for in legal order. Observe that at the same time the freedom of industry was not repealed. Eight months later, on April 15th, 1794, a still more decisive decree was issued: new companies were entirely prohibited.

Among the motives leading to this enactment was the desire to put a stop to speculation. Old men still lived who in their youth had known persons that had suffered from the enterprises of John Law. Notwithstanding the immense difference between the stern republicans of the Convention and the careless, kind, elegant, giddy society of the Regency, there was a strong likeness, in essentials, between the Government measures of 1720 and 1794. The Regency having purposely created a love of speculation by means of privileged companies, issued bubble-shares and banknotes, and to elevate the price of these, prohibited the keeping of gold, with the exception of small sums, under threat of confiscation. The Republic, after issuing uncashable bills, totally prohibited (under threat of the guillotine) the influx of capital to companies.

When the Epoch of the Terror was past, the Act of April

15th, 1794, was abolished (November 21st, 1795); but all other limitations and obstacles remained in force. Following this impossible law, French courts acknowledged the unlimited responsibility of every shareholder in all bonds of the company. It was impossible to go further.

Napoleon's code put an end to this unbearable situation. It is true that limited liability companies were subjected to very complicated and severe preliminaries before Government sanction could be obtained, but the law gave total freedom to the so-called "commandite-companies" and the issue of shares. Part of the owners bore the entire responsibility: the liability of the others was limited to their investment. The demands of the law were fully satisfied if only one member was liable for all his property. It is natural that the form just mentioned appeared as an anchor of salvation; and capitalistic initiative took great advantage of it. It was sufficient to find one person willing to play the part of the unlimited sponsor for the company, this person often being willing to undertake any responsibility whatever for the most miserable remuneration. 1,106 of these companies, with a capital of 1,117,098,740 francs, were registered at Paris in 1826. Meanwhile, only 507 companies, with a capital of 393,396,125 francs, were sanctioned by the Government. The wealth of France, the enormous capital which this country possesses, was collected during the whole of the nineteenth century; but the fundamental capital, which gave national labour the power of astonishing the world by the number of free milliards, was undoubtedly created during the first half of the century. From an impoverished and ruined state, France became a rich state in the period from 1810 to 1850. The compulsory but beneficent agrarian redivision made by the Revolution (of which we shall speak further on) had very important consequences for agriculture. For industry similar influences were caused by the famous freedom of capitalistic initiative. The company business, gradually growing accustomed to the new order, was obliged to

capture step by step the right of issue of shares payable to the bearer. At the critical period of the first stages of free industry the normal price of shares happily did not exist, and the figures of 50 and 20 francs were not rare. Such small shares terrified many of the contemporary economists. The country became rich rapidly, but many companies collapsed entirely; much swindling existed, and large savings were irrevocably swallowed up by speculation. The Government wished to compel the public to become reasonable; especial fear was excited by 20 franc shares.

During the first years of the Second Empire, at the time of political peace, the question of trade and industrial law-making naturally came forward under the powerful influence of the increasing construction of railways. In 1856 the freedom of companies was suspended. The law of July 17 introduced a series of limitations. The most oppressive was the decree as to the minimum value of shares of companies, namely, 500 francs. If a company had a capital of less than 200,000 francs the price of a share could be reduced to a hundred francs. Further, companies were considered incorporated only upon subscription of the entire capital and the actual payment of at least a quarter of the stock capital. The transfer of the shares was permitted only after two-thirds of their value had been paid. Shares payable to the bearer could be issued only as fully paid. The law of 1856 deprived French industry of the possibility of collecting capital gradually, which in England was the cause of the rise of many powerful firms. The prohibition of the issue of small shares hindered small savings from taking part in the business. The law of 1856 must be acknowledged to possess one important quality: no preliminary sanction was necessary. This was the reason why industry adapted itself to the new order; half a century of freedom had given it time to gain in strength.

Further regulating and limiting measures would not

have been late in appearing but for the happy change effected by Cobden's treaty, which brightened the dark days of Napoleon's reign. The trade treaty with England advanced the close union of freedom of trade with the freedom of industrial initiative. The prohibitive current only just commencing in France was turned away.

The natural consequence of the treaty was the convention of April 30th, 1862, by force of which English companies were allowed to operate in France as competitors with French companies. Then the simple and undeniable logic of facts proved that free incorporation and free activity of companies give important advantages to a country of freedom over a country of limitation.

The company laws of France, which are behind those of England, though considerably in advance of most continental States in the width of their principal bases, are, in reality, Cobden's gift. In our days of tariffs another opposite current has appeared; the liberal law in regard to shares still exists. This gift was retained by the Acts of 1863 and 1867. The free incorporation of both "commandite" and limited companies has been established, excepting life insurance companies. It is sufficient to register the statute at a notary's office (and publish it), with the signature of not less than seven founders of the company. The companies are considered not incorporated in the following cases:—

(1) If a share should be of a smaller nominal value than 100 francs when the company's capital is less than 200,000 francs, or smaller than 500 francs when the capital is more than 200,000 francs. (2) When the entire stock capital is not subscribed. (3) When on all shares a quarter of their value is not paid. (4) When the founders have not made a notarial declaration that the two former demands are fulfilled. (5) When this declaration has not been subjected to the discussion of the first meeting of the founders. (6) When the statute permits the transfer of the shares before the payment of a quarter of their value. (7) When the

statute permits the change of shares payable to bearer, or releases the shareholders from liability before the payment of this part. (8) When the instalments of shares or other privileges granted in favour of individual parties have not been verified in the right legal manner. (9) When the first administrators (Board of Directors) are not mentioned in the statute, and are not elected at the first general meeting of shareholders. (10) When the same meeting has not elected a reviser. (11) When the law has not been observed in calling the first meeting. (12) When the number of founders is less than seven.

This long list cannot be avoided, because upon any violation of the demands of the law any person may demand the legal cessation of the company.

Of other regulations of the law of 1867 we observe the limitation of the number of votes of any one shareholder to ten, independently of the number of shares held by him.

The very strict civil responsibility of the founders and administrators, and the criminal punishment prepared for swindlers, strengthen the power of the law.

The absence of preliminary sanction and the abolition of the absurd "commandite" fiction redeem much that is narrow and illogical. French industry is already accustomed to its company laws. When we compare them with the English statutes we cannot refrain from thinking that one of the causes of the revival of protectionism in France is contained in the important obstacles which the law has put in the way of new companies. The English registration gives a free hand to every industrial association, and sees that interference is not made too easy. The French process does without registration, and openly pursues every limited liability enterprise with a jealous and distrustful opinion, and is always ready to interfere at the first sign of carelessness and as soon as the least effort is made by the company to get free from the oppressing limitations. The English freedom certainly may assist certain abuses, but hardly to a great extent, because the public and the Exchange are

accustomed to the necessary care and defence of their savings without the help of prohibitive measures; and the country is not being impoverished. The good qualities of free incorporation more than redeem the bad ones.

With the absence of formalities and limitations, and the non-interference of the authorities, the public soon becomes fully conscious that it cannot rely upon the control of the Government, and that every one must decide for himself concerning the trustworthiness of a given enterprise and the reputation of its founders. This consciousness alone presents the best guarantee against swindling and rotten speculation—a guarantee better than all the decrees of 1856, 1863 and 1867 put together.

The concessionary system ruled in the German States and Prussia up to 1870. The youthful German imperialism decided to do away with it, but to surround incorporation with strict conditions. The subscription of the entire stock capital, the immediate payment of 10 per cent., the release of the members from mutual security only after the subscription of 40 per cent. of the capital, the issue of shares payable to the bearer only upon payment of 25 per cent. of their value, the wide civil responsibility of the first shareholders and founders, the strict criminal liability of the founders—these are the general features of the Act of July 11, 1870.

The famous period of incorporation of 1871–1874, ending in a heavy crisis, passed while these laws were in force.

The excessive influx of free money from France, in the form of milliards of contribution, were evidently the chief cause of the speculative mood which took possession of the market. Only two hundred and three limited liability companies, with a capital of 2,192,200,000 marks, existed in Prussia up to 1871. Later (in Prussia alone), in 1871, two hundred and three, in 1872 four hundred and seventy-eight, and in 1873 one hundred and sixty-two companies were founded, and the total capital rose to 5,359,000,000

marks. When the golden dream passed, and the world woke up, three hundred and eighteen companies were in process of liquidation.

The calamities of the crisis evoked an agitation against the freedom of incorporation, but the return to the concessionary system did not become more popular. It was desired to increase strictness only as a recompense for the absence of preliminary sanction. The abundance of projects retarded the affair, and not till nine years after the crisis, in September, 1883, was a ministerial law compiled, and only after a discussion lasting for eight months in the papers, in trade corporations, and in the Reichstag, did the law of May 18, 1884, make its appearance.

The chief object of this new enactment was to invent regulations not less strict than preliminary sanction, without returning to the system of concessions. The preliminary law fixed the minimum value of shares: those payable to bearer were to be of the value of 5,000 marks; the others, 1,000 marks. This invention of the German lawmakers, had it been realised, would have gained unenviable distinction by totally suppressing incorporative freedom. At the last moment a less strict decision was arrived at. The minimum value of shares, whether payable to bearer or personal, was fixed at 1,000 marks.[1] In comparison with France, the rigour of the law is expressed in the relation: 1,000 marks (1,250 francs) to 500 francs; that is, the German law is two and a half times more rigorous than the French. Other strict regulations increased the economical misfortunes experienced by the Germans, thanks to the law of 1884. First, the former arrangement that a subscription of 40 per cent. of the capital should release the members from mutual security was abolished; secondly, temporary certificates payable to the bearer were prohibited; thirdly, the liability of the founders was increased;

[1] For personal shares in special cases, and with the sanction of the Council of the Federation, the minimum might be reduced to 200 marks.

fourthly, the payment of one-fourth of the capital was binding; fifthly, the first general meeting and the commencement of operations were set under the control of commercial courts. We take the liberty of expressing our opinion that all these limiting regulations of 1884 were worse than the concessionary system.

Injurious consequences soon made their appearance. It is very generally acknowledged that "immediately after the publishing of the new law it became evident that to a great extent it hindered the extension of incorporative activity.[1] The liability of founders and other members was too great; many solid capitalists were simply afraid of getting mixed up in great unpleasantnesses, owing to the fault of other persons, or even in case of the least carelessness. The worst lot fell to the share of the young German colonies, where new enterprises, thanks to the rigour of the new law, decisively refused to take advantage of the limited liability form.

The undoubted colonising capacities of the Germans, and the excess of population, intelligent, industrious and moderate, promised a brilliant future for the trans-oceanic acquisitions of Germany.

The conquests of Major Weissmann were greeted with joy. The law of 1884 was just in time to undermine, to a considerable degree, the hopes of the transfer of the industrial activity of the German towns and villages to the virgin soil of Africa. Industrial freedom is absolutely necessary where capitalists are few, the population thin, and where labour has not yet made much advance.

The acting company laws of Germany have singular motives. The evident aim of the law is to struggle against the periodical desire of the public to participate in new enterprises. To restrict incorporation in these periods, to prevent the public supplying speculators with money, to

[1] Esser. Das Gesetz, betreffend die Commanditen-Gesellschaften auf Actien und Actien Gesellschaften, vom 18th July, 1884 (Berlin. 1885).

averting crises—these were the aims of those who drew up these rules. The lawgiver, neglecting English object-lessons, wished to "supply the public with reason" against its will, to protect the pockets of adults from their own mistakes.

The speculative instinct is based upon such features of human character as lie beyond the natural sphere of contemporary law-making.

At ordinary times the public is ready to value its wealth above liberty, health, and even life. It has long since been observed that the highest degree of administrative oppression is borne with greater ease than money losses. Heavy taxes and confiscation seem harder to bear than death itself. But periodically a time comes when the majority, for a very doubtful advantage, are ready to sacrifice all the savings produced by hard labour. The frivolous regard of property interests is then spread like infection. The wildest schemes find capitalists. The public disburses its money, notwithstanding the official warning, the protest of the serious papers, and the derision and caricatures of the small papers. The money is given to buy shares at any price. There exist inclinations of the crowd, the causes of which can be studied, but not stopped.

A long series of crises convinces us that the spirit of speculation takes possession of the populace after a period of inactivity. The part of the Government is plain. It is useless to invent legal measures to deter the industrial initiative in the years of the awakening energy. It is more expedient to choose other courses for the averting or alleviation of the crisis. In the years of inactivity it is desirable to display the greatest activity of Government housekeeping, and to extend financial operations. On the contrary, at the time of increased private enterprise and speculative fever it is better to reduce the Government economical initiative. Then the changes from stagnation to activity and from activity to decrease will be less sharp.

After the war of 1870–1871, the German Government followed a less reasonable course of politics. The commencement of peace after brilliant victories strengthened the union of the country; the buoyancy of the national spirit of its own accord ought to lead to considerable enlivening of industry and trade. The milliards of the French indemnity gave the Government funds which might have been utilised for the regulation or strengthening of industrial enterprise. In other words, it depended upon the will of the Government to aid the free and healthy development of national production or to give a supplementary impulse to the brilliant, but illusive and ruinous, mania for speculative enterprise. The Government was careless, and, forgetting the history of periodical crises, began to tread the dangerous path. The reduction of the national debt, the purchase of railways, extensive public works, profuse donations, all appeared simultaneously, and proved that the five milliards of francs received were to be poured into the country in a very short time. A state of feverishness was the natural result. The steady flame developed into a terrible conflagration. When the movement had worn itself out, the victorious State, that had so lately been enriched, had leisure to observe bankruptcies, catastrophes, absence of work, and dearness everywhere. The manufactories remained without orders, the mills without work, shops without customers, shipping without cargo, railways without passengers, and houses without tenants.

The misfortune was great. The awakening was sad. The guilty were sought for. Efforts were made to lay the blame on the right shoulders, and the officious press uttered rebukes to the careless public. But threats and curses were showered upon speculators. They were charged with the ruin of the country, and accused of having taken advantage of industrial freedom.

Fifteen years have passed since the issue of the German limiting law of 1884, which is still in force, and which, with certain small and unimportant alterations, is included

in the new civil code in force since January 1, 1898. During the first half of 1898 the harmful side of the German Company Act was proved, among other facts by the comparison of the small number of limited liability companies founded during the first six months of the last year in Germany with the number of new companies in England, where 2,544, with a capital of £145,889,428, were presented for registration, free of limitation. How many of these were ephemeral enterprises is unknown; but England managed to overcome the calamities connected with industry without changing the law. The periodical springing up of masses of enterprises marks the growth of the wealth of the country, with the simultaneous increase of that most valuable gift—the collective capacity for self-defence.

CHAPTER V

The Harmony of Free, Universal, and Social Co-operation.

THE successes of Socialism excite fear in Germany, France, and Belgium. Since the Socialists began to struggle upon election platforms, instead of upon barricades, the parliaments have become plentifully sprinkled with their representatives. No new party ever acquired better tactics and better discipline so quickly. No party ever took such advantage of the lowering of electional rights, and of universal suffrage. The famous thirty-six Socialists, whom Prince Bismarck admitted, were very soon outnumbered. During recent times the Socialists of France made efforts to reach the President's chair. These successes, dependent on Government Acts, or on the grouping of parties, may continue until the time when the Socialists take hold of the power in some large kingdom, in France or Germany. As soon as they commence realising their system, it will collapse. Final destruction awaits them at the moment of their greatest triumph. Let rulers succumb to them, and let them grasp the armed forces. Let the nation be subdued. Suppose even that the Government will deal with the calamities of the economical shock proceeding from the victories of the Socialists. Ruin will approach from another quarter. The socialistic kingdom will fall under the blows of other nations, no matter how much truth be contained in the socialistic conception.

Sanguinary conflicts with the neighbouring nations that do not believe in Socialism (the simultaneous universal triumph of Socialism cannot be expected) will take place,

but not from the desire of other nations (England, Austria, and Russia) to crush the new power. The causes of war will be more imperative, and not in the least dependent on any particular kind of policy.

When Bebel was requested in the Reichstag to state what the aims of contemporary organised Socialism consisted of, the venerable leader of the Socialists gave the following general description of his ideas:—

"The implements of produce will no longer be private property; land, ore-deposits, raw materials, instruments, machines, means of communication, will become public property; the reorganisation of the produce of goods in the socialistic direction will cause the constantly increasing dimensions of productiveness to cease serving as a source of poverty and oppression of the exploited classes; on the contrary, they will become a means of elevating the national welfare and the institution of harmonious improvement."

Consequently individual initiative will be abolished and engulfed by the State. According to this conception the State renounces co-operation with free individuality. The first consequence of such a form of productiveness will certainly be the emigration of capital, which, as we have seen, departs from a country in case of heavy taxation, or in case of the partial decrease of safety. The second consequence will be the total fall of the exterior credit of the country.

Evidently the Socialists will scorn both one result and the other. But the disappearance of capital and credit will only be a warning. Worse will come soon. The socialistic State will be totally isolated economically—isolated in the united universal market.

At every exchange of produce with other countries which have retained the capitalistic order, losses will occur. Nearly all the foreign goods will be produced at a less cost, with abundant and cheap capital, with energetic individual initiative, with greater surety of the morrow. Any produce, any article, will require a smaller number

of days for its completion. Under complicated conditions of interchange, one branch after another will become detrimental in the socialistic State. Soon the means of defence will be the greater or lesser prohibition of international exchange—the abolition of import and export. Such economical alienation in our days has caused open strife. The socialistic governments have no chance of victory. Germany, with Bebel and Liebknecht as dictators, will be weaker than Denmark and Belgium. It is difficult to wage war without money and armies. There is no necessity to prove the falsity of Socialism, to be able to prophesy the destruction of the social State, if such, thanks to certain conditions favourable for Socialism, were formed in the twentieth century. The firmness of the existing economical state of affairs is ensured both by the elevation of national self-consciousness and the enlivening of international intercourse. The enemy of the existing economical state of affairs—Socialism—cannot hope for victory, as it will not be capable of conquering simultaneously both national primitiveness and universal intercourse.

Where, then, is the power—where is the cause of the successes of contemporary Socialism, the final fall of which is undoubted, but which is dangerous, because it will fall not alone, but will pull down one or other of the highly civilised nations?

The enmity of parties is only a side issue. Conservatives have certainly yielded votes to Socialists in the heat of their struggle with the Liberals. In other places Socialism has conquered, thanks to its discipline, when the majority has been broken up into several almost equal groups. But no matter how common such cases may be, they do not explain the continuous increase of the general number of votes registered all over the country for Socialists at the legislative elections of Germany and France, and, though to a smaller extent, in Italy and Belgium. The real cause of the approaching storm lies in the low level of the ideals

which are professed by the contemporary capitalistic parties of the continent of Western Europe.

By the mouths of talented orators and famous savants the Socialists guarantee that, once the crowd follows them, universal need and exhaustion will be transformed to widespread content and leisure. The supporters of the capitalistic state of affairs, on the contrary, do not promise the masses anything satisfactory. They are strong in criticising Socialism. The positive side of the economical system, professed, with small exceptions, by all parties of order, presents dark perspectives for the workman.

To prevent bondage, to prohibit the exhaustion of children, to punish the creation of hotbeds of infection—all these aims seem to signify the triumph of "Government interference" over individualism. When this right was united with such popular measures, then the right was used for the further attack on capitalism, in the sense of the violation of Government obligations, for the introduction of taxes, similar to confiscation, for the adoption of the grievous system called "*brutalité du gouvernement.*"

The banner with the false legend, which was unnecessarily lifted in the defence of the labouring classes from the free-will of capital—this standard, after certain alleviations in the conditions of labour had been effected, was unfurled for direct attack upon property and freedom.

Because workmen and peasants have small learning and small leisure, they not unnaturally miss the difference between pure Socialism—the socialism that is preached—and the State Socialism. It is difficult to explain why the authoritative enemies of Socialism usurp its principles. Many seem to be tempted to destroy its illegal offspring and enter its regular ranks. Were it not better to prefer Schaeffle and Wagner to Lassalle and Marks; to be inspired by Bebel's speeches rather than by Richter's? And beyond the Rhine would it not be better to be named "compagnon" than "citoyen"? Were it not better to turn away from the men who consider an eight hours' day heresy, and

affirm that the entire future belongs to the exemplary workmen—the Chinese and Japanese—half dressed and half starved, working without rest, without holidays, for a small coin? It is hard for a poor man, who, with his hard-earned pence, educates his children, to learn that war is perpetual, that millions of guns are the only guarantee of uncertain truce, and that, by force of the steady economical rule, workmen, professing only the religion of love, belonging to one race, and speaking a language derived from the same source, are natural enemies. Socialism possibly attracts because it deceives by means of brilliant mirages. The existing state of affairs, so it affirms, is darkness, without pleasures and without hopes.

We should be surprised, not at the last successes of the Socialists in France and Germany, but at the firm common-sense of the nation, its instinct, which up to the present time keeps the majority of the electors on the side of the moderate parties.

The nation has not yet lost faith in freedom and right.

Only the highest ideal gives victory over the enemies of peaceful and primitive national development, over Socialism, and over all doctrines which preach the destruction of freedom and property. Instead of from national collectiveness, joined with the suppression of individual energy, the economical system should rise from free international and social co-operation.

The ideal should be based on the consciousness that the events of the seventh decade of the nineteenth century mark a new era in history. The changes effected in the years between 1860 and 1870 have greater consequences than the discovery of America and the fall of Rome. The historical trilogy which these two epochs produced is ended. Mankind is entering the fourth period. Simultaneously the economical union of the universal market occurred, the social mission of legal kingdoms was acknowledged by all, and the highest ideal of individual inviolability and freedom

was everywhere emphasised. As long as the present epoch shall too carefully remember the conceptions of vanished days, and as long as one kingdom shall wage eternal strife with another, and shall regard individualism as an interior enemy, so long will the low ideal undermine moral forces and increase the mass of sufferings. On the contrary, if the excellent movements that had their origin in the seventh decade of this century be developed, if pacification result in a blending of primitive strength and modern self-activity, then there will be established a power before which all hopes, all ravings and all wiles of other doctrines will seem insignificant.

There was a time when the popular cry, "*Laisser faire, laisser aller*" caused individuality to advance, but lowered society and State authority. The State was to give freedom to one and all, but not to itself. The results of this idea are known: the crowd, oppressed by poverty, with only one kind of liberty—the right to die of starvation; a group of large and small exploiters, who understood liberty in the sense of unrestrained enslaving of the poor man; the indifferent authority, professing Malthusianism, which considered the free actions of poverty, vice and disease the natural means of assisting the future generations. The ideal was nowhere realised in the pure form, but was acknowledged; and towards the end of the first half of the nineteenth century the reality was not far from the theory.

The idea *laisser faire* had a great influence long after logic had shaken it to its foundation. The State was not believed in. On the Continent, up to the end of the sixth decade, this want of faith was quite reasonable. In England the mistrust was based on the absurd but useful tradition, by force of which generation after generation considered it necessary to evade Government guardianship, and to rely only upon their own strength.

The changes effected in the years between 1860 and 1870 created other views with regard to authority. The rulers

joined their interests with the interests of the nation. The Government was suddenly released from the part of oppressor, and instead of being a narrow defensive function, ought, according to the opinion of many, to have become an engulfing element. The reaction against *laisser faire* went very far; and now many parties are ready to declare individual initiative an unimportant, even an injurious, element. Under the influence of this reaction a tendency will be formed in favour of the numerous limitations of free labour. Individual and government initiative will be ready to place themselves in keenly hostile relations.

The suppression of this ruinous enmity should be the problem of economical science and State practice. The salutary formula, which will be produced by pacification, will be found in the forgotten sense of the events of the seventh decade of the nineteenth century. The universal change created the legal state and free labour. Slavery is crushed not so as to assist the reign of collectiveness; and nationalities were united and liberated not for the triumph of plutocracy. The wide initiative of powerful State authority, the energetic Government economical activity, in the opinion of unprejudiced persons, may develop at the same time as public and individual initiative. In an earlier paragraph we stated that the term "Government interference" in economical relations should be abolished as soon as the defence of the weak is deduced from the principles of the acting rule. The rightful kingdom can fearlessly give freedom to labour; but while giving others freedom, it should retain freedom for itself. In this sense, the pacifying expression will be, "Free labour in a free State."

Having thrown off the chains of doctrine and egotism, it is impossible to avoid bowing down before the convincing logic of facts. Compare the national workshops of 1848 with the great State works of nowadays; compare Owen's, Cobet's and Lassalle's weak and unsteady efforts of co-operative production with the firm and successful system of contemporary unions. It is necessary to acknowledge that

Government housekeeping and co-operative associations act simultaneously with capitalistic enterprises, without any noticeable loss for the latter; that the simultaneous existence of all three forms of initiative appear as invaluable methods of verification and competition; and new conquests in the sphere of co-operative and Government management are possible only when individual initiative will create an organisation of the business, of which the Government or society will take advantage.

Such are the lessons and consequences of the great alteration which occurred in the life of the human society thirty years ago, and which in the universal life was reflected by the creation of the universal market. Distances are destroyed, savage lands are explored and connected with civilised ones; the changes are so great, the union is so close, that no conqueror, dreaming of the creation of a universal monarchy, could have created anything similar. Every civilised nation with powerful government authority should give way. Artificial obstacles to international intercourse should be removed, and frontiers declared free. The elevation and development of national produce should be based on the direct assistance of national industry, and not on the struggle with the elementary pressure of the universal market. The producing capacity of every country will be increased tenfold when stimulated by the influence of the Government, free interchange, free movements, and free social and individual initiative, on firm principles of legality. National wealth and national welfare will become synonymous.

The labour union of nations and the free collaboration of State and individuality will produce universal union of labour. It will suppress the struggle which the State now carries on in spite of advanced knowledge; it will increase Government authority and widen the sphere of Government influence, without violating industrial freedom, and without the State interfering in the region of private initiative; and it will produce an economi-

cal system far superior to either free-trade or protectionism.

The most valuable consequence of the universal labour union will be total peace between civilised nations, attained without violence done to the national primitiveness, without fear for the national future, without renouncing national hopes. Mankind step by step will approach the cessation of war by the natural historical path, without the introduction of artificial and unnecessary international institutions. The native land of Shakespere and Byron will cease fearing the country of Poushkine and Tolstoy, and the "Vaterland" of Kant and Goethe will be at peace with the country of Molière and Voltaire. The kingdoms of the Old and New World will preserve their sovereignty, and will increase the care of national labour; but the grounds for armed collisions between Christian legal States will disappear.

CHAPTER VI

Education. Germany's Example. The Historical Messiah of the Directors of National Labour.

THE influence of national education on the productive capacities of the country needs no proof, and is contradicted by no one. Herbert Spencer and Leroy-Beaulieu attacked the tenet (formerly thought to be infallible) concerned with the dependence of national morality upon the quantity of knowledge. But the necessity of elementary education of the nation and sufficient development of professional knowledge for the industry of the country were contradicted by none. Leroy-Beaulieu and Lord Armstrong made loud protests only against the unlimited increase of the numbers of professional schools, especially those of the higher grade. Whether, for the success of production, elementary knowledge in the lower classes, or wider learning in the upper classes, or a larger number of technically trained workmen is more important, is a question which it is fruitless to discuss. In these days the village school, the middle-class schools, universities, technical academies and professional schools are all equally necessary. To develop national labour general education of all grades displays a powerful although indirect influence in the same way as do other political and social factors, such as the form of government, geographical situation and wealth. Direct influence is caused by professional "technical" education. The doubt expressed by the French economist and Lord Armstrong respecting the expedience of excessive sacrifices for the increase of technical knowledge in the population

may be regarded as destroyed by a series of recent and important facts, which have astounded the universe.

The famous book by Mr. Williams, *Made in Germany*, foretells England's speedy ruin, since her markets will be captured by the energetic German competitors. Such deductions are nothing but a political ruse, borrowed from parliamentary eloquence and elective manifestoes, in which the triumph of the opposite party is generally represented to be the terminus of British superiority. But the facts bearing witness to the excessive development of German manufacture and the improvement of the arts of finding markets for sale are authentic. Yanjoul points out that in regard to the chief causes of these successes, four statements made by investigators of these questions in England, the United States, Belgium, and Russia correspond.

According to the Belgian report, Germany displays superiority in the quality of its wares, the success of disposal of German goods being only a *reward* for the accurate fulfilment of a defined programme consisting of one principle, namely, *the elevation of national education.* The country gathers a harvest from the seed it has sown, and if other countries wish to compete successfully, they should act with the same energy and in the same direction. Prussia alone spends about 3,000,000 francs annually on the support of technical education, not taking into consideration what is given by municipalities, communities, and private individuals. Prussia has established six special schools of engine-construction, a school of bronze industry, a school of iron and steel industry, a school of navigation, a school for the study of china and pottery manufacture and drawing on glass. In a word, the State takes upon itself the greater part of the expenses in encouraging various sides of technical arts, and the local authorities and rural communities incur the other part of the expense. Besides, many Prussian technical schools are founded, thanks to the efforts of various private companies and associations. The owners of large industrial enterprises, acknowledging the

necessity of possessing educated and instructed labourers, also open schools at their own expense, or are assisted by Government subsidies. 248 such schools, with 11,000 students, exist in Prussia. Painters and decorators have 32, shoemakers 9, tailors 16, bakers 20, butchers 6, and blacksmiths 26 schools. Bavaria, besides the higher schools of architecture, trade, and arts, possesses 45 technical schools, with 2,682 students, and each school is divided into departments devoted to special branches of industry or study.

In Wurtemberg, weaving is greatly encouraged, and a series of schools devoted to various branches of this important industry has been instituted.

The Grand Duchy of Baden, having little more than 1,500,000 inhabitants, yearly spends over 1,500,000 francs on technical education.

Hessen, with only one million inhabitants, has several schools of sculpture and architecture, as well as 9 trade, 43 industrial, and 82 drawing schools.

Saxony stands higher than all in education and in industry. Notwithstanding the small extent of the State, it numbers one hundred and eleven schools of a technical character. It may be truthfully said that nearly all industries are studied. Agriculture and trade are represented by fifty schools, ten for the first and forty for the second.[1]

The Belgian investigator discovers that the position of Germany on the international market is insured mainly by her numerous and well-educated "industrial army." The close connection between the successes of German industry and the development and improvement of technical education might have been discovered by English investigators more easily than by Belgians, as the Royal Committee of Technical Education visited Germany in 1882, and later, in 1896, four chief members visited Germany again, when the

[1] The Belgian report is not published in full (May, 1898). Only an extract is inserted in *Gazette de Liège*.

Electrical Exhibition was being held at Stutgardt. They presented to their chairman, the Duke of Devonshire, a report on a visit made to Germany in 1896, with a view of ascertaining the recent progress of technical education in that country.

The commissioners began by stating that they were surprised by the progress in all chief branches of German industry which had taken place since 1882. The change was very marked in respect to electro-technical industry, with all its branches, and likewise in the preparation of colours. The electric factory of Schukkert & Co. was established in 1882, and was quite a small affair; the Commissioners found it to be, under the name of "Electricität-Actien-Gesellschaft," a great concern, employing 3,500 workmen, supplying literally the whole world with electric engines and optical instruments. The cement industry in Bavaria was developed only during recent years, and gradually became very extensive. The visitors inspected factories that were producing as much as 50,000 tons per annum. Artistic printing had reached a remarkable degree of perfection, and had secured a market even in England.

The commissioners called the activity of technical knowledge "feverish." The great fear in Germany is that the professional schools may not become subject to routine, and for this reason no efforts and means are spared to renovate the schools and conduct them in accordance with the level of the latest technical demands.

It cost no less than a million marks to build the new artistic-industrial school at Nuremburg. Wood-carving, metal-working, articles of decorative art have special departments. The daytime is occupied in study with the permanent pupils. Evening lectures are arranged for workmen.

A new industrial museum (Muster-Lager), built at Stutgardt, cost the Government about 4,500,000 marks, and, in the opinion of the commissioners, ought to prove of immense influence on the development of artistic industry.

Further, the English investigators point to weaving schools, which have done wonders in advancing the German weaving industry. They also remark on the great success of spinning in Saxony, thanks to the excellent professional schools, which make it their business to train, in the most thorough fashion, all who wish to engage in this industry.

The American report was made by the Consul of the United States at Frankfort, F. H. Mason, and is based on two propositions.

The great advantage of Germany consists, first, in the abundant supply and high level of technical and industrial education.

Secondly, in the liberal and reasonable support of both scientific education and various practical sciences by the Imperial and other Governments, whether directly or indirectly connected with industry.

As the representative of the United States says, the plainest proof of both propositions is the establishment of the Imperial Physical-Technical Institution (Physikalische-Technischen-Reichsanstalt) at Charlottenburg, near Berlin. The foundation money was a gift from the famous electrician, Siemens (500,000 marks); the remainder was granted from the Imperial exchequer. The first president of the Institution was the famous Helmholtz, and after his decease Professor Kalraush. The Institution is not a school, but partly a large, well-stocked laboratory for scientific investigations (physical department), partly an institution for mechanical experiments.

For a small charge the physical department is accessible to students, who there find appliances, models, and materials for carrying out scientific technical researches, can consult with experts, and receive competent and friendly advice.

The second (mechanical) department is devoted to the practical demands of industry in the testing of raw and manufactured materials, estimating the qualities, discover-

ing their different suitabilities. Of the four sections of the department, the first tests materials and timber; the second, stone, bricks, cement, and other materials for building; the third, all kinds of textile tissues, paper, and so on; the fourth, lubricating and lighting oils.

All these departments, under the guidance of experienced mechanical engineers, are supplied with machines and means for carrying out mechanical and technical tests of materials, sent to the Institution by manufacturers, mill-owners, merchants, engineers, architects, and every one who desires, at a low charge, to receive the fullest and most accurate definition of the qualities of the material which they desire to use, sell or buy. With a view to making widely known the results obtained, the Institution issues its special organ and prints separate pamphlets.

Finally, the Institution verifies and certifies the accuracy of all kinds of instruments of measurement, and has the right to sanction its actions by applying the Imperial seal.

The American report finishes with the assertion that of all State expenses of Germany not one is incurred with such liberality, and none is spent with such wisdom, as the outlay devoted to the national education and to the improvements of science. German universities and technical and industrial schools are equalled in no other country, and all these educational establishments are a guarantee of the national success of Germany. In return for each mark spent upon these institutions, the German nation receives a large dividend from its superiority in technical knowledge, which elevates its industry and creates a firm source of wealth.

Mr. Yanjoul was authorised in 1896 by the Russian Government to make a visit to Germany for the purpose of investigating industrial matters. He made a report of his visit in a series of lectures delivered in St. Petersburg. Among many interesting facts reported by him, the most remarkable is the way in which German producers study

the demands, peculiarities and inclinations of trans-oceanic consumers of European manufacture. Household utensils are exported in great numbers to distant countries, thanks to the fact that the national life of each people has been intimately studied by the enterprising German.

Information culled in technical schools is generally called theory; the studies of mechanics in corresponding branches of production, practice. Except in Germany, and there only during recent times, general opinion prefers practice to theory. It is openly stated that theory gives a small, and practice a large return. At the bottom of their hearts many directors of industrial enterprises consider schools and diplomas to be decorative rather than useful, and think that an elementary general education is sufficient for any sort of mechanic, as long as he possesses an experience and practical knowledge of his speciality. In Russia it is not long since practical men were the majority in places where the Government did not exert any direct or indirect pressure on the education of the employés. In other countries the preference for self-educated men was not expressed openly by the masters, for fear of evoking the charge that they were resisting enlightenment. Frequently large firms were satisfied with a compromise: they engaged two or three educated mechanics, sometimes only for consultative purposes; the other workmen had to thank their schooling for everything except technical knowledge.

Doubts as to the use of technical study, it is sad to confess, are frequently supported by the behaviour of professors in the technical schools. It is very difficult constantly to renovate the course of study, to observe attentively the rapid advance of science, to replenish day by day the stock of erudition. Would it not be better from year to year to repeat the same lectures and lessons, and inform the students that all defects and wants can be remedied by practice? Untalented and unintelligible teaching is still allowed to exist, thanks to the opinion that the real treasures of

knowledge will in one way or another be acquired, not in schools or books, but in practice.

In reality, the prejudice against school knowledge has no value after it has pointed out the few defects which youthful mechanics display during the first steps of their practical activity. These defects are burdensome only to unthinking and impatient managers. Assurance soon makes its appearance. Wise administrators avoid the difficulties by temporarily appointing the unpractised mechanics to posts as assistants. The new inclination in Germany, having put forward technical schools, only confirmed the unpopular but plain truth. The comparison of practice and theory, which is at all times absurd, is doubly unreasonable with regard to technical education. The lectures of all technical schools—high, middle, and low grade—partly consist of data of exact sciences, partly of written and systematised practical information. The study is accompanied by corresponding exercises and practical occupation. After the short time necessary for looking round and getting into the swing of his work has passed, a student of a good school will immediately apply his scientific or systematised knowledge. Further on, danger threatens not from the side of excess of theory, but, on the contrary, from excessive practicality. The proverb, "Live a lifetime, learn a lifetime," proves true in this case not in a relative but in a direct sense. The rapid advance of science in our times compels the earnest mechanic to cherish his books, to sustain and enlarge his theoretic knowledge, to be on his guard against routine, and to connect every new lesson practically with the general system of science.

The rapid advance of technical science during the latter times has evidently begun to influence the most stubborn supporters of practice and self-education, and to bring to the front the importance of school knowledge.

Practical men who are good enough for routine and antiquated methods of production prove totally incapable when new inventions and radical changes in the methods

of manufacture make their appearance on all sides. Without a scientific method, without a systematic store of knowledge acquired within the classrooms, it is impossible to value the new technical methods. And successful competition in the universal market is impossible without rapid adoption of useful inventions. Against their will, men who believe in the old routine are forced to succumb. Personal advantage forces workman and master alike to value schools and theoretical knowledge. The success of technical education in Germany is explained by the strong efforts of the Government of the nation at large, and of individuals. All nations should adopt this energetic and free co-operation. England, and especially the United States, should increase Government initiative in the matter of professional education, because up to the present time individual initiative has predominated in these countries.

Russia and France, on the contrary, should encourage social and individual activity in the development and increase of technical schools. Measures of the kind so successful in Germany will soon prove to be advantageous, and any cultured State will quickly enlist an "industrial army" as numerous and as good as the German. Activity of central authority should be displayed side by side with the initiative of organs of local management, private corporations and private individuals. Uniform types and plans of professional schools of all grades are quite suitable for Government activity. But private companies and individuals should not be limited either by preliminary permits or obligatory standards or programmes. The defence of students and the suppression of any harmful inclinations are certainly necessary, but in this respect Government inspection, the demand of publicity, the keen vigilance of the press, and legal punishments are sufficient.

The forthcoming competition of science in the spread of technical education presents a series of inceptions of a positive character. No matter who founds professional

schools, they assist the national industry in a manner totally opposite to tariffs. To cause a loss to foreign industry, even at the cost of native consumption, is a negative measure; to give the native land an advantage by developing knowledge is a positive measure. To put aside foreign goods, to tax them, is not a difficult work; but even the most fiery imagination can find no means of damaging foreign education. There remains no choice but to educate oneself.

The example of Germany, its magnificent and numerous technical academies, institutions, schools, evening classes for workmen, stations for testing, well-stocked laboratories, and technical literature prove more than perhaps the German rulers desire. We are involuntarily convinced that knowledge is a factor more strong and more trusty than taxes. We see quite plainly that schools give in a surer manner those results which are thought to be attained by the taxation of foreign import. Possessing all the potential qualities of taxes, schools are naturally free from their actual defects. England may be consoled, and need not fear the future much. The belief in knowledge, the energetic free co-operation of the Government, social and individual forces, will soon drive away the nightmare of future absence of work. A State with free borders should be firmly resolved to spread technical knowledge among the population. It is necessary only that the mission should be sincere, should be quickly translated into actions, and should not waste time in empty praise of science and education. The best proof of sincerity will be the decision to repeal frontier taxations for the future. Let schools be built upon the ruins of custom-houses.

The doubts of Leroy-Beaulieu and his English supporters as to whether the excessive spread of technical schools is wise are based chiefly on the well-known phenomenon of the over-supply of mechanics in certain States. In reality, the explanation of the excess of schools as the cause of the excess of mechanics is based upon misunderstanding. A

country with a slightly developed manufacturing industry will not yield employment even for a dozen engineers, unless foreign capital has created some large enterprises. Where produce is monopolised, or artificially limited, the demands of the State are confused with the demands of the country. Not the number of schools, but the limitation of production is responsible for the excess of educated workmen and mechanics.

In case of the number of native mechanics being too small to meet the demand, the natural course, at first sight, would seem to be the invitation of foreigners. If machinery, inventions, and scientific labour come from foreign lands, it would evidently seem advantageous that from countries rich in scientific knowledge men should emigrate to lands where technical education has fallen below the demands of industry. The following facts will serve as convincing examples of great profits resulting from foreign foremen and mechanics: the exile of French Huguenots, who developed industry in England and on the banks of the Rhine; the invitation of foreigners by Peter the Great; and, in more recent times, the emigration to America. During the last few years a similar phenomenon has been presented by the emigration of capital. If a foreigner appears not only as a creditor of the country, not only as a holder of bonds or Consols, but as an owner of enterprises, then with his money he is inclined to send for his own people.

Referring to our former deductions, we can affirm that all prohibitive or limitative measures are as injurious with respect to foreign mechanics and foremen as with respect to foreign capital. This does not prevent us from being of the opinion that instructed foreigners, often useful and sometimes necessary, will never fill up the want of technical education in the contemporary State.

At our time every new method soon becomes known; industrial secrets are few; they are transformed into patents and privileges, and that only for a certain term. Cases of

immigration similar to that of the Huguenots in the seventeenth century cannot have the same importance nowadays. The demand is not for the disclosure of secrets, but for a large staff of persons capable of adapting the universally known, uniform technical knowledge and uniform technical art to the peculiarities of climate, soil, race, and history. It is hardly possible to get a sufficient number of such persons even by immigration. Hundreds and thousands of capable and well-taught men are needed, and that from a country whose industry is developed. But they are as much wanted at home. The statistics of emigation in the United State prove that the chief emigrants are ordinary workmen. It is possible that amidst the immigrants landing at American ports educated foremen and mechanics will be found, but their number is quite insignificant in comparison with the needs of the States.

If America should possess its own staff of technical managers, then all other countries which do not attract such waves of immigration should evidently come to the conviction that the hope of obtaining skilled foreigners for large industrial States is problematic. Only where no technical schools exist, industrial enterprises are conducted wholly by foreigners. The fate of such countries, to which China and South America belong, produces an example of negative quality. The question consists of the nation being capable of profitably working the natural wealth of the native land. Not the arrival of a few foreign instructors, but the spreading of technical knowledge in the crowd, is important. The country will gain most if it helps to establish the first schools. If the presence of foreigners does not cause the spread of technical education, all the worse for the youthful industry. The natural problem for foreigners is to make themselves useful. Though we invite them, we should look upon them as only temporary helpers.

The most substantial obstacle to the use of the knowledge and experience of foreign mechanics is their slight knowledge of the peculiarities of the country. A foreign

capitalist who should determine to exclude all natives from the management of the enterprise, would at once labour under disadvantageous conditions of competition. The foreign mechanic only knows a little about the peculiarities of the country from having read one or two books. He receives an invitation to go and work where he never expected to go. He arrives at the spot, and meets with unaccustomed conditions of life. What is still worse, he has perhaps to instruct a large number of workmen who differ from him in customs, language and habits. He pays too dear in purchasing, and receives too little in selling. He loses much time in becoming accustomed to the new life and new people. The slightest defects in his individuality and character create a hostile atmosphere, a dull antagonism between him and all persons with whom he comes in contact. His mistakes cause secret pleasure. The result is a profitable enterprise transformed into one that causes loss. Necessarily we arrive at a deduction of the greatest importance: the spread of technical education is the best national way of assisting national industry. France for the French, America for the Americans, Russia for the Russians—all these sayings, in which the duties of the legislator and administrator to elevate the productive forces of the country are proclaimed, are fully realised in the competition with other nations as regards the number and qualities of industrial and scientific schools. The establishment of a vital connection between science and national labour will, in one generation, do more to confirm the position of the nation in the market of the universe than perpetual enmity with foreign produce, or than the competition in causing injury to foreign produce and foreign labourers. The difference between competition and enmity is great. Even now one part of a State competes with another without having recourse to any of the weapons from the arsenal of the neo-protectionists. In an English factory much knowledge is necessary; educated foremen, workmen, engineers, are wanted; the stamp, "Made in Germany," is to lose its

significance. All these instructed men must be Englishmen. Not only should they be Englishmen, but their education should have been given them in English schools. On a Russian farm, to be able to conduct affairs profitably, it is necessary to use the most modern methods in the best possible ways. For this purpose many well-informed men are wanted. They should be Russians that have been educated in Russian schools.

Take, for instance, a French factory. To find some trustier guarantee of profit, it is necessary to follow the example set on the other side of the Rhine; it is necessary to spread technical knowledge among the workmen; better schools are wanted; technical institutions are necessary. It is important that all these establishments should be in France and that the professors and students should be Frenchmen.

By force of events, technical education gives national industry a firm national organisation.

As long as feudal order predominated, the directors of national (enforced) labour were the aristocracy and gentry; even in towns, hereditary principles played a prominent part.

In monarchies and republics of the Middle Ages, in free towns and ecclesiastical possessions, the population uniformly had hereditary rulers, since the municipal primates and clergy appeared as a caste which, by force of law or custom, ordered the work of the nation; the forms and methods of produce were pointed out both in villages and towns by the higher class, where hereditary principles predominated. Rural labours were carried out under the management of the seigneur; town corporations were subject to municipal dignitaries.

When capitalistic order was created, then the aristocracy of capital overcame the aristocracy of birth, and again created a ruling class, which was not more genial to the pre-revolutionary nobility, because in our days it is as

difficult to amass millions as it was formerly hard to be knighted. Now the representatives of capital appear as the powerful rulers and directors of all the national industry, and the State—poor in energy and means, thanks to militarism—is inclined either to become a capitalistic hierarchy or to struggle against it, undermining individual liberty and principles of legality.

As the power of Government authority increases, as the universal free market is unlimited, as general and technical education becomes more elevated, so from the national mass there becomes prominent a class which, in the near future, will take the place of capitalistic aristocracy, and will become the independent director of national labour. Scientific, technical, and industrial knowledge gradually creates a new class, accessible to all, which may be called the aristocracy of labour. When capitalism shall have been converted from predominative to co-operative, after the universal acknowledgment of the importance of scientific readiness, this new aristocracy will become as powerful as the former aristocracy of birth and aristocracy of capital were. The power of the capitalist may be lessened by the wide interpretation of principles of legality, and by the active control of the State; in co-operative and State enterprises capital is put aside. But the sway of men of science remains. The agriculturist, the forester, the engineer, the mechanic and the architect will always give orders, and the orders will be translated into active work by foremen and assistants. The working class, upholding democratic discipline, will obey the orders without a murmur.

Science is more imperative than wealth or war. At times the worker, armed with an instrument of measurement, is compelled to traverse unfertile and swampy localities, and well-nigh impassable forests. According to his orders, it becomes necessary for him to make almost impossible efforts to sink shafts in rocks, where floods threaten him in the darkness, or injurious gas suffocates. The work of the gnome is done in turn with the work of amphibious

animals. It becomes his duty to excavate the soil from the bottom of a deep river, working in a case with compressed air, the case surrounded on all sides by water, and kept down by a heavy mass of stones piled on its top.

A kind of lattice work is rivetted together of small pieces of metal, and made to span chasms; this web has to sustain the weight of heavy trains. Immense vessels are loaded with cables made from costly materials, and these cables are dropped into the sea. A white salt, which was unknown not so very many years ago, is brought from tropical lands to fertilise European fields. The sea-bottom is transformed to pastures, and fruitless deserts are watered.

In the ages of the rule of the aristocracy, capital, that is so powerful now, was in subjection. At the present time knowledge has subdued capital. The part played by science will cease when State and social initiative shall have restored to capital its full powers. Hence comes the necessity of Government initiative and control in the higher technical education. The directors of national labour should be educated so as not to be dependent upon the influence of the aristocracy of capital. The Government and society should make conscious efforts to bring it to pass that knowledge should also be liberated from its subjection to gold, as in former ages gold was liberated from subjection to the sword. The new classmen of science, whom we call the aristocracy of labour, occupying the highest posts in the hierarchy of labour, should enjoy the sympathy and support of society, and should regard State authority as their natural protector. At the present epoch of change the defence of the working class from the abuse of capitalism, on the grounds of the humanitarian interpretation of legality, is possible only because the possessors of scientific knowledge have produced a trusty staff of men obeying Government orders, and have applied to themselves the latest legislation devised in their behalf.

It remains for us to express a wish that the new directors of national labour shall in reality be "salt of the earth";

that they should not borrow the pride and exclusiveness of the possessors of hereditary prerogatives, or self-conceit and antagonism to the national masses from the ranks of capitalism; that they should not forget that they are part of the working classes. Let them remember that modesty is as natural for knowledge as self-esteem for ignorance; that the high advantages and great power resulting from scientific preparation enforce moral obligations. Let them borrow from the aristocracy of capital its activity, industry, and tenacity; and from the nobility its feeling of honour and readiness of self-sacrifice, which in the darkness of the Middle Ages caused the powerful and noble to give up all pleasures of life, and accept the cross as a symbol of sufferings for the weak. It is possible that a time will come when the aristocracy of labour will lose its authority, and will fulfil its historical mission. This will happen in the ages—we cannot say near or distant—when the cycle of political and economical changes will be finished, and mankind will enter upon a higher form of life.

CHAPTER VII

The Universal Market and National Production. Principal Qualities of Contemporary Communications. State Sovereignty and Private Companies.

IN a State where Government, social, and individual initiative are constantly acting, acquiring energy from the wide understanding of the principles of safety and liberty, and where the scientific is close to national labour, national industry is continuously stimulated with great force, and free frontiers present in State interests the most advantageous base of international relations. For such a State the competition of all countries is not a danger, but the very best natural regulator. There is one form of national activity which deepens the consequences of safety, freedom, and knowledge. *The union of the universal market necessitates the internal union of every kingdom that participates in the free exchange.* The State roads of communication, and the other means of intercourse now at our disposal, become the vital condition of production. The most profuse natural wealth may be considered an insignificant increase of national riches if steam and electricity do not bring them close to the centre and borders of the kingdom.

Any contemporary State, thanks to the successes of science, can fearlessly renounce any taxation of foreign import, if only one side of State activity—the construction of means of intercourse and roads of communication—is set in corresponding conditions.

The rapid development of the most backward countries,

most distant outskirts, that has been effected by means of railroads, has often caused astonishment. In reality, in every place where primitive methods of communication are supplanted by railways connected with the universal net-work of steam communication, magic changes are effected, which are caused by something more powerful than the simple cheapening and facilitation of internal interchange. The cause of these changes will become plainer if we compare those relatively unimportant consequences that result when the best methods of communication are separate from the net amount of universal work. Railways in the interior of South America, Africa, Siberia, China, separated from the net amount of work, would have but a small local use. The saving of labour is immense, if we compare the transport by carriers with steam transport by rails.[1] Nevertheless the general order of patriarchal economical relations is changed very little. Only a certain number of slaves and mules become free.

But everything alters with remarkable rapidity as soon as steam and electricity connect the arteries of the country with the universal exchange. Russia, the Far West, America, Japan, and India in two or three decades underwent vast changes, which were caused by the net amount of universal work being enlarged by the trade activities of these countries.

It is this connection with the universal market that causes this magic influence. The reality of the phenomenon lies in the fact that any point of the universal chain of communication possesses an impulse equal to the total sum

[1] In South Africa two Dutch republics have for some time possessed a railway cut off from the sea. A line of fifteen versts has long existed in Siberia for the sole use of a factory. In both cases only a slight advantage has been derived. Steamers on Siberian rivers, up to the construction of the Siberian railway, steamships on the Upper Congo from Stanley's Pool to Stanley's waterfalls, before the building of the railway from Matado to Stanley's Pool, could not reconstruct the economical conditions of the country, although they appeared as a very useful factor of welfare for the population.

of force produced by the foregoing advance of civilisation and science. The web of railroads is capable everywhere of producing the influence of universal continuous interchange. Almost as soon as a branch line has invaded a virgin country, there appear from civilised lands missionaries, doctors, and teachers. Articles of contemporary manufacture are imported; free capital sends pioneers to investigate. The newly-printed book, the latest gun, milliards of savings, are placed beside and among savages. Not only distance, but time also, is destroyed; the age of stagnation is suspended. The country joins the collective reason of mankind, and rapidly acquires the sum of evolutions of a thousand years.

This joining of forces acts like nature in these wild districts; in civilised lands it is directed by the conscious activity of the State and society.

Consequently contemporary nations possess a factor of produce, the power of which is always multiplied by the sum of universal intercourse.

When comparing the *positive* factor with the *negative* we naturally arrive at two general deductions:—

(1) The absolute quantity of the positive factor (very rapid, cheap, and unbroken communication by means of steam and electricity with the universal market) should be higher than the negative factor (the limiting of prohibition of foreign competition). Good roads will lower prices to a greater extent than high duties will elevate them (unless they are prohibitive taxes). In reality, the taxation of foreign import creates artificial conditions for the benefit of only some branches of industry. The integrating influence on the working of all natural wealth of the country (the undoubted quality of modern railroads) cannot be produced by tariffs.

(2) The improvement of roads and the increase of taxes are always opposed to each other; the influence of improved and rapid communication is destroyed by tariffs, and, on the contrary, the influence of tariffs—the high

price of imports—is lessened or paralysed by the improvement of communications, both international and interior. The combination of improvement of communications with tariff politics is observed in all countries, England (the metropolis) excepted; and as technical science is continuously perfected and tariffs are constantly changed, the result is *an existing crisis of universal production.* No balance can be instituted; industry has no possibility of adapting itself to the changing conditions; pauperism and surplus of produce exist simultaneously; as liquids in connected vessels cannot retain one level if the vessel is shaken, so universal exchange cannot be balanced; it could adapt itself either to tariffs or the improvement of roads but not to both one and the other simultaneously.

In the United States there is a network of railways, of a total length of nearly one hundred and ninety thousand miles. Paul Dubois[1] says that this length is a quarter more than that of all the railways of Europe put together, whereas the extent of land is one-sixth less, and the population five times less.

"The feverish movement on all sides astonishes the European observer. Look at any trade market of the West and any manufacturing centre of the East of the United States: each of them is surrounded by a remarkable and indescribably complicated net of railways, which run in all directions, ignoring all natural obstacles, crossing each other, and increasing as they go along, and continually developing new districts. Nine railway companies compete in carrying passengers between New York and Chicago.

"Men of business have twenty lines to choose among when sending goods from the great Atlantic port to the capital of Illinois. Two of these, for half of their distance, have four lines of rails, and the goods traffic of the Penn-

[1] *Les Chemins de fer aux États-Unis*, Paris, 1896

sylvania Railroad is four times greater than that of the Northern railways of France."

The same author writes: "The remarkable success attained by the railway industry in the United States is explained by that substantial part which railways play in the development of territory and the crushing influence which they effect on the economical life of the country. In America a railway is the first and chief factor of labour and colonisation. To open up a new territory the Americans generally begin by laying down a railway; colonies spring up afterwards, using the adjoining lands and turning them into valuable property, creating for the railway the custom which recompenses it for its enterprise. It is possible to affirm that railways have created the country, and that Americans should be grateful to these for the remarkable success of their national development."

The Government did not spend a single dollar on this immense net of railways: in certain cases the Government allotted, free of charge, strips of land adjoining the railway.

Gradually American railways cheapened the transport of passengers and goods.

Paul Dubois says that the United States is the sole country in the world where cheap transport of goods exist. Comparing the United States with France in this respect, we find that the average net receipts of the United States railways per ton and per kilometre is 3 centimes, whereas in France it varies from 4·66 centimes in the north to 6·203 centimes in the south (1892). Hedley in his *Railroad Transportation* (p. 104) said that freights were lower in the United States than anywhere else, and on the average were one and a quarter per cent. per ton-mile. Since 1884 they have fallen an eighth per cent. lower. Since 1870 the tariff has fallen 50 per cent. (in reality, considering the difference of exchange, the fall is 35 per cent.). In separate States, cases of still greater reduction are recorded: for example, in New York the freights from

1·7 went down to 0·8 cents, and in Ohio from 2·40 to 0·9 cents.[1]

At the same time as the reduction of the prices of transportation, an excessive increase occurred in the amount of traffic.[2] Paul Dubois says that from 1880 to 1890 the population of the United States increased 24 per cent., national wealth 49 per cent., but that the railway traffic advanced with still greater rapidity. From 1882 to 1892 passenger traffic has become almost doubled, having increased from 7,688,468,538 passenger miles to 13,697,343,804 passenger miles. The goods traffic has increased to a still greater extent, having risen from 39,202,209,249 ton-miles to 84,448,197,130 ton-miles. The profits received by railways from this huge traffic were partially balanced by the construction of new lines. The railways of the United States during the same decade (1882 to 1892) increased from 95,752 miles to 170,607 miles, so that the number of passengers in proportion to the number of miles remained the same, and the number of tons, proportional to the entire length of railways, increased 6·3 per cent. Thus the increase of the railways nearly balanced the increase of traffic.

These facts and figures are very convincing. If experienced data should verify and supplement *a priori* deductions, then we ought to acknowledge that the great American Republic has deserved praise for finding the very best and most profitable method of constructing railways. Railways that are five times more extensive than the railways of Europe, and yet do not burden the national debt or its current list of expenses—these railways, which give cheaper means of communication than those of the old world, present a magnificent means of creating national wealth.

Should not all other kingdoms learn the lessons taught by the history of the development of railways in the

[1] Yanjoul's *Industrial Syndicates.*

[2] B. F. Brandt's *Foreign Capital*, pp. 232-234.

United States of North America? The policy to be pursued is not a difficult one. All railways should enjoy the right of expropriation, and they should be allowed to use State land. Furthermore, there should be no interference on the part of the State, and the private initiative should in no way be shackled.

A series of objections against such a solution of the question is put forward by European economists.

First of all, they point out that such "railway kings" as Gould, Vanderbilt, and others, are dangerous from political, social, and economical points of view. They can greatly influence the administration and elections, and represent, as it were, "a kingdom within a kingdom."

Further, the freedom of tariffs is found to be injurious for the following reasons: First, because the fact of companies being free to settle its freight charges would often disadvantageously affect entire industrial districts. For instance, in May, 1878, the cost of freight for grain from Chicago to Philadelphia was thirteen cents, whereas for a journey half as long, to Pittsburg, eighteen cents were charged. Secondly, because special, and often secret, agreements are known to exist with consigners of goods, giving them the privilege of a reduction on freights. This system, known in America as "discrimination," had a demoralising influence on the entire progress of industry, assisting certain producers at the expense of others, and causing just complaints all over the country. Thus, the well-known syndicate of the Standard Oil Company during fifteen months received a reduction of a sum of ten million dollars on the transportation of petroleum between Cleveland and Pittsburg and the ports of the Atlantic Ocean, and thus, thanks to similar agreements with various railway companies, since 1875 has monopolised the entire petroleum trade of the country.[1] Thirdly, because the placing of the rise and fall of freights in the hands of companies will lead to the country losing the benefit of cheap transportation.

[1] *Foreign Capital*, p. 23.

The cheapness and uniformity of freights seem naturally connected with Government working of railways, because the Government desires general, and companies individual, advantages. It is difficult to rely upon competition between companies, because they enter into mutual agreements and monopolise the trade.

It is true that the railways of the United States did not require any monetary sacrifices on the part of the Government, or any temporary assistance. But, nevertheless, they received a good deal of Government land free of charge. At the time of the construction of the Pacific Railroad, 757,000 square kilometres were granted—that is, an area greater than France. Finally, the immense number of railway shares, specially increased by the system of watering the stock capital, and the building manias, have together increased the extent of speculation. These were two of the chief causes of the financial crises in 1872 and 1883.

When the Shah of Persia visited England, he was struck by the magnificence displayed at the ball given by the Duke of Sutherland. Having been told how rich the duke was, the eastern ruler said to the Prince of Wales, "You have a too powerful subject; if I were in your place I would order his head to be cut off."

Whenever we hear of the dread occasioned among certain economists by the nature of the railway enterprises in America, we always think of this story about the Shah of Persia. In civilised countries such warnings and fears should be regarded with contempt. The independence of an unchangeable court has also been considered a danger. Every influential corporation is capable of exciting suspicion. Every person possessed of several millions should, if this argument be pressed, seem dangerous to the State sovereignty. Large accumulations of wealth, consisting of capital, funds, or easily realised valuables, are certainly somewhat dangerous, looked at from the point of view held

by the enemies of private exploitation of railways, because the possessor of large capital has the advantage of total independence, an advantage which a large, industrial enterprise, especially a railway, cannot enjoy.

The fluctuation of prices, good or bad harvests, strikes, competition, accidents—all these facts are data which serve to vitiate the most careful calculations, and which strongly bind the will of industrial kings, especially railway kings. Manufacturers and mill-owners possess an influence, organisation, and power of opposition greater than the owners of railroads. The Inter-State Commerce Law of 1887 in the United States, of which we shall speak in due course, was passed after a struggle with the railway kings. How much more difficult is the struggle (not yet ended) in passing factory laws. It was easier to avoid the abuses of Gould and Vanderbilt in respect of freight charges than it was to liberate a woman or child from tiring or unhealthy labour. It is said that the numerous staff of each great railway yields the financiers an obedient army at the times of elections. But why is such an influence ascribed to railways only, when in different spheres of industry other numerous armies exist which should give rise to similar fears? It is necessary to reckon with public opinion, and for this reason pressure on the crowd is inconvenient, and secret action gives no promise of success.

The danger proceeding from a venial staff cannot serve as an argument in favour of the State management of railways. It is said that in case of Government management, the distribution of situations on railways is a weapon for struggles between political parties.

Each of the two opposite arguments, in our opinion, destroys the other. A certain dependence of electors, and certain abuses—even bribery—will long be met with during electoral agitations. But in our days this evil cannot assume a dangerous form in countries where legality and publicity rule.

The free reduction of freights, and sometimes direct abuses, undoubtedly took place on American railways. But even if all complaints concerning the instability and change of freights were firmly founded, the general sum of increase of wealth, with which the lines of 300,000 kilometres in length endowed the country, is superior to the advantages derived by any country from a network of railways, whether Governmental or assisted by the State. Ask the population of the States which they would prefer: a network of the European standard—that is, not more than 60,000 kilometres of rail, with freights controlled or even commanded by the Government—or 300,000 kilometres, with all the injurious machinations and wiles of the railway kings? Every one would prefer the latter. Finally, the monopoly which would appear if the freights were fixed by companies at their option is also very conditional. If all American railways, without exception, were gathered into the hands of one company, even then the action of local and general monopoly would be limited by *loi de substitution*, which is based on the fact that what we think to be the absolute necessities of human life can experience remarkable changes when big obstacles and unfavourable conditions appear.

The substitution of one material for another is not at all uncommon. The high price of cotton during the war of 1860–1865 not only developed the culture of cotton in India and Egypt, but gave an impetus to the manufacture of flax and light woollen textiles. Formerly, during the time of the continental system, the high price of cane-sugar did much for the development of the beetroot industry. When, owing to phylloxera, the price of grape wine was increased considerably in France, wine from dried currants, exported from Greece and Turkey, was invented. Vegetable oils, gas, petroleum, and electricity can in turn be employed for lighting purposes.

The rise in the price of copper during the existence of the syndicate served to develop the use of nickel and

aluminium. Contemporary industry, with the help of science, thus creates materials or means which can be interchanged, so that the increase in the price of one causes the greater use of the other. This composes the natural competition of articles.

The law of substitution applies to human beings as well as to industrial methods.

Similar substitution is observed, not only in regard to goods and services, but even in respect of the necessities of mankind.[1]

Nowhere is this law so evident as in the history of the North American railways. Their owners, long before 1887, were not limited by rules or agreements with the Government. They formed a powerful union; small companies were joined together into large ones, and rival lines made secret agreements. But freights never caused any article to become considerably too dear, since the majority of valuable goods which alone could bear high charges would, if this had been the case, very soon have compelled substitutes to be formed. The liberty of freights, which assisted the rapid spread of the network of railways, could not, by virtue of the law pointed out by the French economist, cause a serious injury to national economy.

The possibility of harm will become still less if we look more closely at the peculiarities and conditions of railway freight. In a very authoritative book [2] it is explained that the monopoly of transportation, which is ascribed to railways, cannot have an oppressive influence on the industry of a country, and that freights are naturally regulated, even without any interference of the Government: first by competition, secondly by the personal interests of the owners.

The competition of ordinary roads is always felt. For a short distance, cartage is undoubtedly more advan-

[1] *Traité d'Économie Politique*, vol. i. pp. 662, 663 (ed. 1896).

[2] *Principles of Railway Freights in the Transportation of Goods.* By S. Witte. 1893. Kieff.

tageous; greater distances are always considered when settling freights.

Seas, rivers, and canals, on the contrary, prove cheaper than railroads for the transport of many international goods, and, in general, railways find it difficult to compete with water-ways. In Russia the shipment of goods from the southern ports to the North, and *vice versa*, is effected at very advantageous terms, even though they travel by sea all round Europe; river freights are very low.

Railways do not only compete with each other when they run to the same places or localities. In reality, railways compete even in different situations, distant from each other, and having quite opposite directions. Take, for instance, the import into Russia of foreign goods such as cotton-wool, tea, lemons, and other articles. In this case those railways compete which lead to the great centres of consumption or stores of these goods in the Empire, both from the inland frontier and the chief ports of the Baltic and Black Sea.[1]

Besides competition in the general sense of the word, every railway freight tariff is limited by the interests of the company on which the charges depend. Once these are high, splendid profits are increased, but the clear profit is reduced, because the heavy freight reduces the produce of the country. A railway yields good profits only in case of extensive traffic, so that its owners, with a view to their own interests, raise the freights only to an extent which the stated merchandise can easily bear. Besides, the interests of the shareholders consist in the possible reduction of the expenses of working. Only with small expenses does it become possible to attract more cheap goods, and to raise the clear profit to the greatest limit.

Comparing the above deductions of the French and Russian economists (who in general do not agree in their

[1] *Principles of Railway Freights in the Transportation of Goods*, p. 17.

principal opinions), we see that in America, where such a wonderful network of railroads has been constructed with private capital, and is worked by private companies with no interference on the part of the Government, the natural factors, easing the influence of monopoly and defending the country from the avaricious free-will of companies, should be displayed with special power.

Bad features in American railways are what are known as secret "discriminations" [1] and the excessive fluctuations of freights during the freight-wars, and after them. An end was put to the greater part of railway abuses by the Reagan bill of February 4th, 1887 (the Inter-State Commerce Law).

This law establishes an Inter-State Commerce Commission of five members, who are changed every six years. The Commission has the right—

(1) Of investigating the management of the business of every company.

(2) Of demanding that the company should present yearly accounts of the working of the line. These must be drawn up in accordance with the plan approved by the Commission.

(3) Of receiving complaints directed against the railway companies, and of discussing the same.

(4) Of imposing legal punishments to be executed by the Law Courts.

(5) Of compiling and presenting to the Government measures for avoiding defects.

The same law obliged all railways to publish their charges. For making charges not in accordance with the published freights, fines to the amount of 5,000 dollars are imposed. Privileges in transportation are prohibited; and obstacles must not be put in the way of one firm of consigners more than of another.

Further, it is declared unlawful if a public carrier, for whom the regulations of the present law are obligatory in

[1] By this we mean special and secret reductions of freights,

respect to the transportation of persons and goods of the same kind, should charge, under similar conditions and cases, a larger freight for a distance shorter than the longest on the same line in the same direction.

This regulation should not be interpreted in the sense that a public carrier has the right of charging for the shortest distance a freight similar to the longest. He has the right, with permission of the Commission established for this purpose, of charging for passengers and goods for the greatest distance lower freights than for the shortest distances. The Commission from time to time declares to what extent a public carrier can be liberated from the regulations of the present clause. Further, it is considered unlawful to make any agreement between competing companies, tending to the *voluntary division of profits*; that is, concurrence is prohibited. For every day of the existence of such an agreement a fine of 5,000 dollars can be imposed.

Sometimes, in the heat of the strife, freights are reduced very frequently. But the freight-war has evidently slackened. The chief cause is the better staff of management and the gradual junction of small lines into large companies, which during the latter years have formed five kingdoms within a kingdom.

The most convincing argument in favour of the American arrangement is the plan of tariffs acting in America. Continental Europe (with its State railways, State control, and other observances) will have to wait long for such cheap transportation.

The accusation as to an exaggerated granting of State lands is baseless. It is true that companies, by the sale of lots of lands received free of charge, realised large sums, but the value of the land was created by the construction of the railway. Never was plus value received more justly.

State lands in other countries (for instance, Russia) are ceded free of charge to railway companies, but only narrow strips necessary for the construction of the line. In America the same principle was regarded, but in view of

the abundance of free land and its small value (before the construction of the railway) the strip was considerably wider; but then no subsidy or guarantee was given, neither was there any money or material Government assistance. In general, in North America the economical phenomenon—the construction of railways by individual initiative working under natural conditions—is the best display of the fruitfulness of the union of the State and individuality, in the positive measures for favourably affecting national labour. The State gave Government land and the right of expropriating private lands. Private individuals produced the capital. No Government interference existed, co-operation and aid was given to a wide extent, but not in any artificial form. The results were, the rapid development of industry amidst virgin forests and prairies, the attraction of continuous millions of emigrants, and the enormous increase of national wealth.

The defects of American railway policy consist not in the Government avoiding interference, but, first of all, in the indefinite term of concessions. For the right of expropriation, for the grant of a wide strip of State land, the Government could easily, without any perceptible burdening of the concessioners, have reserved a transfer of the railway free of cost to the State in fifty-five, sixty, or sixty-five years, or the right of purchase on advantageous conditions from the concessioners after half of the term. The realisation of private capital, as proved by experience, is not prevented by such long terms; a small allotment to cover the cost of construction, reserved from the yearly profits, would be sufficient. The peculiarity of American and other free exploitation of railways is the insignificance of stock capital in comparison with the obligation capital. The pioneers, working without Government subsidies, and liberated from an administrative contract, construct the line of a light type, with money realised by the sale of shares, limiting as far as possible that part of capital which is subject to

risks. The line is finished and developed with the preference capital, which has a hypothetic right on the corresponding railway stock.

The right to purchase the concession after the lapse of a certain time would, without damaging individual initiative, provide the Government with enormous financial resources. During the first thirty or forty years of the twentieth century, the federal Government would possess over 300,000 kilometres of railways, which may be valued at not less than fifty milliards of francs, and which would enrich the treasury without any limitation of industrial freedom, and without the slightest shadow of the violation of rights. For those great problems which the Government will have to examine in the new century such an increase of State resources would be incalculably precious.

A blemish in the American system of Government lies in the fact that private is sharply opposed to Government initiative. Freedom, according to the opinion of statesmen sitting at the Capitol and White House, becomes impossible with the increase of State domains. They consider railways to be industrial enterprises, and that they as such should for ever remain in private hands. Besides, the transfer of railways to the State seems to be the same as direct State management. The possibility of the transfer of lines belonging to the State on hire to private companies is ignored. The separate States are deservedly to be blamed for their distrust in the central Government, whose authority and importance they should have striven to increase.

Railways are far more complicated than any other industrial enterprise, both in the method of collecting revenues and in their system of expenses. The compilation of railway freights alone is a difficult problem demanding a mass of labour and knowledge. To this we must add the matters of loading and discharging, maintenance, delivery, the inspection of officials, loans, and insurances. On the other hand, the complication of the working of the line, the

repairs of the line and rolling stock, the running of trains, are matters much more important than any in industrial enterprises. To give a concise idea of the intricacy of this business it is sufficient to point out that the number of materials (raw, half-manufactured, and finished articles) —the so-called nomenclature of railway stock—is far over ten thousand. The possibility of the Government managing such an enterprise satisfactorily would depend upon whether or no it should find an excellent organisation ready for it. The State acquires not only the property, but the intellectual capital in the form of a strong and able administrative mechanism. Experience proves that Government exploitation is conducted successfully when the lines have been worked by private enterprise.

One of the stimulants to the success of private exploitation was competition, not only in freights, as revenues, but in expenses as the cost of produce. By means of constant competition between companies the most advantageous building norms are produced, the best specifications of materials; means of economising articles of consumption and the reduction of the staff are sought for, as well as limits to responsibility for accidents, and the best procedure in regard to the limitation of the working hours.

With the transfer of all, or nearly all, lines to the State, a loss occurs in the natural stimulants of improvement and natural regulation. The competition between railways in regard to technical improvement is weakened, and the question of the quickest and best adaptation of scientific knowledge is less keenly debated. A vital interest with respect to the increase of safety is lost. The protection of the workmen's interests is less to be trusted, as the Government institutions will control themselves, and not private companies; the development of legislation for the limitation of the working hours will be hampered when the Government is burdened with functions in connection with economical management.

In consideration of the above, one of the chief conditions

of successful State management of railways is the existence of many private railways as well. Then we shall have a chance of constantly making very instructive comparisons. Government administration, when opposed by private management, will gain in activity and learn to depart from routine and red tape. Still better would it be if the Government management should exist for only a short time, and the lines, remaining Government property, be let out on hire (for from twenty to twenty-five years) to private companies worthy of trust. Then the advantages of State possession and private exploitation would be joined together. The greater part of the profits would find its way into the Exchequer, and yet all the while the Government would be free from the difficult and complicated management; the responsibility for the public safety would remain with the company, which would be interested in the economising of expenses and in the proper management of the line, so as to avoid losses in cases of catastrophe. The conditions of hire would be taught by experience. The conclusion of an agreement, even in a federative State, would be the business of the highest authority or central management.

The question of the merits or defects of Government construction is generally separate from the question of the working and running of lines. Under the present conditions of knowledge, with the enormous stock of technical and economical data, with the excessively developed competition, it is possible to suppose that the difference in quality and cost of railway construction cannot be great, whether built by the State or by private companies, and is a secondary question. The real importance for every country is the rapid construction of the line, and, in view of this, private initiative is not to be replaced in large kingdoms. Nothing can replace the inventiveness which, with energy and push, and an admixture of the speculative spirit, has covered England and the United States with a thick net of railways. The most exemplary administrative organs, the

most industrious and patriotic representative meetings, will always be behind the crowd of pioneers, the fearless founders, the active mediators, the enterprising traders, and the suspicious schemers. Every Government has already too many cares to replace the fierce activity shown by this varied and not always sympathetic crowd. The country gains if the Government withholds from building new lines or constructs only a very few. When granting concessions, it is always necessary to remember that all the merits of Government construction, and all the dark sides of private constructorship, do not balance a tenth part of those benefits which the nation acquires from the rapid increase of railways. The best railway policy should consist of, in the first place, the construction of the majority of railways by private companies, which shall receive from the Government the right of expropriating the necessary strip of land, and, in certain cases, shall be granted either that form of material subvention which was granted to certain enterprises in America, or assistance which can take the place of such subvention. Private companies shall receive a concession for a term of about sixty or sixty-five years, after which the lines shall be transferred to the State without any payment. The right of purchase may be limited to half the time, this right being reserved purposely, so as not to make it necessary to reserve conditions in the concession, which might limit the free development of private initiative. Secondly, certain lines shall be constructed by order of the State, but only when the interests of the country demand the most rapid laying down of the line, and when private initiative is temporarily weakened, as it might be in case of commercial crises. Thirdly, all railways shall gradually become State property, being either purchased or transferred free of charge, either by force of concessions, or special agreements. Fourthly, the Government shall let the railways transferred to it out on hire to trustworthy private companies under contracts, renewed every twenty or twenty-five years.

The substance of these agreements shall be that the greater part of the profits shall enter the exchequer of the State, and the lesser part shall serve as a recompense to the company for managing the State railway, and for its responsibility before the law for accidents and defects. The particulars shall be compiled from the suggestions made by the different contractors. For every improvement made, the company shall receive a recompense if the contract is not renewed. Fifthly, the freights of private railways shall be regulated only by those rules and that Government control which are applied in the United States.

At the first glance, no country presents greater obstacles than the United States for the transfer of private lines to the State. The Government reserves no right of purchase; the term of the concession is unlimited; the 300,000 kilometres of railways cost over fifty milliards of francs. These obstacles are not as formidable as they appear to be, though before they can be removed, some sacrifices will have to be made. The cost of purchase, together with the national management of the affair, will not be burdensome, even for the budget; they will be insignificant for the national credit of the United States.

Few American railways yield great profits, while some lines are actually in difficulties. The Government should not offer to buy the lines immediately. It is only necessary to reserve (in return for a subsidy paid to the shareholders immediately) the agreement of the companies to transfer the lines to the Government in thirty or thirty-five years; to bring to pass the increased repayment of preference shares, sufficient means being found by using part of the Government subsidy, and part of the profits; to effect every fresh improvement of the railway at the expense of the State; and in all new concessions to insert clauses with regard to the line being transferred, free of cost, to the State in fifty-five, sixty, or sixty-five years.

If, for thirty years from the commencement of the

twentieth century, the Congress will annually assign part of the estimated means for these expenses, and if these large sums are spent rationally and honestly, then at the commencement of the fourth decade of the twentieth century, the present network of 300,000 kilometres of railways, which will by that time have cost sixty milliards of dollars, will become the property of the Government of the United States, the tenth part of the actual cost of the railways not having been spent. For the State the term of thirty or thirty-five years is just about the right length; for private owners (and still more for anonymous shareholders) it is very long. For limited, but immediate, profits any company will cede anything that may be forthcoming in the distant future. To be convinced of this, it is sufficient to examine the conditions of thirty-five years, hire of property. The most difficult matter is the self-sacrifice of statesmen, who will have to work solely for the benefit of the future generations, and the glory of their distant successors. Abuses of the proposed system are possible, but the States have two guarantees against bribery—wide publicity, and the great authority of the President, who is personally always irreproachable. Even in case of great abuse and mistakes (often the latter are more dangerous than unfair dealings), the system of acquiring the future possession of the line—by means of immediate subvention of the company—will inevitably lead, considering the great resources of the States, to the desirable result of the transfer of all, or nearly all, railways to the Government.

When this result is arrived at, and the present American network shall be State property, and all new lines, although constructed for the greater part by private companies, shall be transferred to the State by force of their concessions, then State management and private property, Government interests and freedom, will cease to be opposed to each other; Government interference (for which the transfer of the railways to the State serves, in the

opinion of contemporary economists, as the plainest proof) will be substituted by some other more suitable expression, and, under the influence of the economical phenomena, individualism and socialism will be transformed to such a doctrine as will envelop the best principles of one and the other.

CHAPTER VIII

The Continuous Increase of Rents of Communications, and the Consequences of this Rule.

THE reasons why all States should acquire railways are not the imaginary danger of the free institution of charges, not the harm which is imagined to be presented by powerful railway companies, not the merits of direct State exploitation, not freight-wars, and not the hopes with which Socialists of all hues are filled when observing the development of Government management. The reason is the natural increase of transportation and communication, the continuously increasing, although fluctuating, profit yielded by continental roads, a special rent, which we will call communication-rent. This rent cannot affect sea-roads or aerial spaces. The oceans, seas and air are free. Narrow straits, if they become a national property, yield a rent immediately. The Sound and the Bosphorus are free only under the pressure of international power. The mouths of the rivers Scheldt, Danube and Rhine have long been a source of revenue. Everywhere rivers, under the influence of the continuous increase of communication, yield, or are capable of yielding, a rent to their owners. The profit corresponds with the gain which, according to Ricardo, is received by owners of lands more fruitful or better situated. If profits of this kind were not received after the freeing of the mouth of the Scheldt, or of the Rhine, the cause would be political events, international wants, and State measures. Up to the present time, no State, even in times of dire necessity, has ever attempted to sell navigable rivers.

Channels often are private property. Among sea-channels that have been constructed with private capital, the Suez Canal ought to yield an increasing profit as long as it remains in the hands of a company, and does not become in all respects free. In England, during the last century, a series of high roads was constructed by companies, who levied a tax on people and goods. These roads enriched the country, but their disappearance was a great benefit. Railways more than any other means of communication present a strip of land capable of yielding a special form of rent, very similar to the rent of tilled land or urban districts. This has grown larger, owing to the continuous increase of communication, the growth of interior and international exchange in consequence of the efforts to unite the universal market.

To explain the action of the law of natural increase of profit on roads of communication, especially on railways, we will compare the condition of this rent with land-rent.

The theory of land-rent is derived from the analysis of conditions of land ownership in a virgin country with a thin population. In such a country, good and fruitful land abounds on all sides.[1] At the beginning of his enterprise, every agriculturist freely takes possession of as much good land as he likes. But later, with the increase of population, all the fertile districts (at least, those which are near the place of sale) are claimed, and quickly become more and more valuable. The cultivation of these lands can no longer feed the population. New generations of agriculturists find only worse lands, which yield less harvest, or lands as fertile, but more distant and necessitating more expense in the transportation of the produce. Placed in such a disadvantageous situation, some of the settlers, deprived of the best and most profitable lands, can apply to the owners of the latter, hire their property, and pay them a remuneration exclusively for the better quality or the better situation of the district, besides the interest on the capital that has

[1] *Traité d'Économie Politique*, vol i. pp. 701, 776. 1896.

been spent in the improvements, buildings, stock, and so on. This remuneration for the land can rise to the difference between the natural productiveness of good land and the natural productiveness of that inferior land which can still be worked because there is an increase in the demand for agricultural products. Let us suppose that the best land yields twenty bushels of wheat per acre, and that with the same expense and labour the worst land, which it is still possible to till without loss, while grain keeps at a good price, yields only ten bushels per acre. It is plain that the hire of the good land can rise to ten bushels per acre. This payment is rent.

The case is not altered when areas of equal fertility are at different distances from the centre of sale. If the difference in the cost of transportation from the farthest districts and from those nearer the centre represents five bushels of grain, then the rent to be paid as profit to the owners of the nearer districts can rise to the value of five bushels.[1]

Rent exists in cases where there is no hire of land, and the owner receives it among his other revenues, which are increased correspondingly with the natural fruitfulness or advantageous situation of the district.

Rent—that is, revenue from the natural advantage of land—appears where there is no question of agriculture. Generally speaking, Ricardo's rule can act with special weight in towns. Urban property in capitals and large trade centres often fetches as much as five or six thousand francs per square metre, and sometimes more. If such land is let on hire, a corresponding yearly revenue is received. In towns we see very plainly the various causes of the rise of value, or revenue, of lands, in accordance with the theories of Ricardo.[2]

Thus, for instance, from a commercial point of view the difference in the hire of land in towns represents a difference in the clear profit which could be received on the

[1] *Ibid.*, pp. 711-713. [2] *Ibid.*, p. 719.

same capital and the same work from a shop, started in the central part of such a town as Paris, and the clear profit yielded by a similar shop in a very remote district,—for example, at Neuilly or Levallois-Perret, or from a shop situated on the very outskirts of the capital.

Rent is produced in towns by those pieces of land which are near the centres of amusement, the fashionable quarters, good promenades, parks and gardens, where the houses are less densely packed, and where the aristocracy of the town cannot see the sad life of the poor.

Rent is produced by those properties which possess some kind of natural riches or easily utilised natural power. Such are mines and ore-beds. The value of a waterfall can be estimated as the equivalent of the saving of fuel for the development of a certain power, a saving from which it is necessary to deduct interest and amortisation charges on the capital expended in adapting the waterfall to the purpose required.[1]

"If the air, water, atmospheric pressure," says Ricardo, "could possess changeable or limitable qualities, if they could be turned into property, all these natural powers would yield a rent."[2]

Though the opinions of Ricardo and Leroy-Beaulieu in regard to rent were very wide and exhaustive, neither the English economist nor his French commentator took notice of one special form of rent—a form which, in Ricardo's time, ought to have had a hypothetical, and, for us, a concrete importance.

In large estates it is possible that entire lakes and even navigable rivers were included. Formerly, with a thin population and a patriarchal state of affairs, the owners had in view only the culture and hire of the shores and banks and fisheries. But with the increase of population and the increase of the division of labour, movement is developed. The water-road, the property of some magnate, reduces the cost of transportation. The magnate might desire a rent

[1] *Traité d'Économie Politique*, vol. i. p. 721. [2] *Ibid.*, p. 725.

equal to the difference between the cost of land and water transportation. Even if the law were to institute a maximum payment,—even if the owner of the water-road were satisfied with a moderate revenue in order to develop transportation,—the existence of the rent is an undoubted fact. But under the pressure of necessity, legislation has declared the water-roads public property; by the laws of all countries the owners of the shores are obliged to put a certain strip of the shore at the disposal of the demands of navigation. But artificial water-ways are constructed with private capital, with the necessary assistance of the Government in the form of the right of expropriation (canals in England), and necessarily produce a rent. The right of expropriation deprived the owners of the lands through which the canal was projected of the power to demand a high rent for their property. In reality, this right was transferred to the constructor of the road, the revenue of which is formed of the interest and amortisation of the invested capital, the expenses of the maintenance of the road, and a rent for the expropriated land which proved suitable for the establishment of an improved means of communication, *with a continuous inclination to the increase of the traffic.*

A similar phenomenon is observed in the construction of a high road, when taxes are levied, which yield a surplus above the interest on the invested capital. This surplus is another form of rent.

With the increase of traffic, railways may, and mostly do, produce greater rent than rivers, lakes, and canals.

The first main lines of railroads are generally the most profitable.

After a connection has been made between the chief industrial and trading centres and the chief ports, the turn of less important and less profitable lines comes; after the construction of these, the revenue of the main line increases still more, because new goods, appearing during the development of industry and when the network of railways

has become thicker, cannot possibly avoid the main arteries. Finally, branch lines adapted for local traffic generally yield a small profit, and by their work enrich not only themselves, but also the main lines.

Leroy-Beaulieu tells us that for more than half a century the theory of Ricardo, and what was called the consequence of this theory, held good in economical science, especially in England and Germany.

After this, even in these countries, by the light of new facts which Ricardo and Malthus could hardly have foreseen, though John Stuart Mill might have fared better, since they began to appear during his lifetime, the theory of Ricardo was submitted to a closer and less respectful examination. Though it was tried by these stringent tests, it did not suffer in the least from the point of view of abstract truth; but thinkers became convinced that the partial display of causes of another quality made it necessary for this theory to be applied in a more limited measure than formerly.

Having thus excused himself, the French economist discusses one after another the causes of the increase or reduction of land-rent. For our part, we will see how the same positive and negative factors influence the rent of communications.

John Stuart Mill, when discussing the action of the law of land-rent, states three suppositions, which, in his opinion, cover all possible cases.

Mill's First Supposition.

The population increases, capital and agronomical improvements and, in general, the system of agriculture remain constant. In such a case, land-rent will increase. Of course it is understood that, in case of this supposition, communication-rent will also increase, because the total number of movements in civilised society, with the increase of population, always develops, as may be supposed, *a priori*, and as proved by experience; the growth of com-

munication does not increase in exact proportion to the increase of population. If the population doubles, quite four times the number of communications or movements will be observed.

Mill's Second Supposition.

The population does not increase, agronomy is not developed, but capital increases. "Then," says Mill, "land-rent will increase as the demand for agricultural produce increases and the desire for produce of better quality appears; more land is allotted to luxury."

Leroy-Beaulieu considers this opinion in respect to land-rent too decisive and universal.

But in regard to communication-rent there can be no doubt, limitation, or exception.

In reality, a greater consumption and greater variety of produce is sufficient to increase the revenue of roads of communication, although the increase of population is at a standstill.

Mill's Third Supposition.

The population and capital do not increase, but agriculture is greatly developed. In this case, according to Mill, rent should fall, because the supply of produce increases, whereas the demand remains the same. It is evident that such a deduction, though true for land-rent, is inadmissible for communication-rent: with the increase of the total produce and the fall of prices, the revenue of the agriculturist may decrease, but the revenue of railway companies will rise. Basing his belief on his suppositions, Mill makes the deduction that every land-rent is inclined to rise. This rise may temporarily be interrupted by some success in the sciences relating to cultivation, or by the reduction of the cost of transportation from distant or poor lands. Mill thinks that the periods of the increase of price of land will be short. The successes of agriculture cannot be so constant as in manufacturing industry. New lands will become populated, and will themselves consume their surplus of articles of food and the various products of the soil.

Without stopping to notice the reproaches levelled by Leroy-Beaulieu against Mill because the latter paid no attention to facts which all pointed to the lengthening of the above-mentioned periods, we will remark that the causes which reduce (for either a short or a long time) land-rent make communication-rent rise. The discovery of new lands capable of supplying the Old World with cheap produce leads to the excessive traffic on oceans, inland seas, canals and rivers, high roads and railways, of which the last produce a most rapidly increasing rent.

Mill in his latest works affirms decisively that land, and only land, increases in price continuously.

"Let them show me," says Mill, "any kind of property not connected with land, and sufficiently large to be taken into consideration, which is inclined to a continuous rise of price, without the owners doing anything towards the increase of value. On the contrary, the other form of property which yields a revenue—capital—instead of increase of value, in reality falls as the nation progresses. Only land—let us consider this as the name of all kinds of landed property—has the advantage of constant increase of value from natural causes, and the cause of this is that the quantity of land is strictly limited; as it does not increase it cannot balance the continuously increasing demand."

In another place Mill says, "Generally the development of a nation, the wealth of which increases, creates at all times an inclination to the increase of the revenue of landowners and gives them simultaneously a large profit and large part of national wealth, independent of any cares or any expenses on their part. They become rich while they are asleep, without risking or saving."

It is hardly necessary to point out how exaggerated these suppositions of Mill proved to be during the last quarter of the nineteenth century. But if we substitute for land-rent the rent of lands occupied by railways and canals, Mill's arguments are vitiated in no particular.

In reality, every nation where wealth is collected must develop internal and external exchange with excessive energy; consequently the traffic increases. The more the net of railways is developed, the greater quantity of goods is produced, not only absolutely, but relatively. Newly constructed lines appear only as temporary competitors of more ancient lines. Railway centres correspond with large towns, and at certain such points new settlements appear. The natural and irresistible increase of revenues, subject to certain fluctuations, has a constant tendency to rise.

Finally, the owners of the narrow strips of land along which the railway travels can at their wish liberate themselves from any risk and cares, and yet continue to become richer. They can always find persons willing to hire the property, who will supply all the requisite labour, will constantly improve the line, increase the stock, and all the time will pay the lion's share of revenue to the owners. In brief, land-rent suffers from stagnation; communication-rent may be trusted to improve.

Mill—taking Eastern countries, where the State is the sole landlord, for an example—thinks it to be just that in civilised lands the State should seize the surplus of rent, which he calls unearned increment. Even this indication of Eastern despotisms, the general order and agrarian laws of which are a doubtful example for England, becomes a proof of our theory of the communication-rent. A country where the number of State railways has increased can teach much to the neighbouring countries. It would be somewhat repellent if England, listening to such economists as Mill and his followers, were to adopt the land-laws of Turkey. But nothing remarkable or terrible will be observed if a correction, founded on the experience of Belgium, Germany, Russia, Italy, and Sweden, be introduced into the concessionary conditions. Henry George, who wrote thirty years after Mill, based the necessity of turning the land-rent to the use of the State on the fact that all the progress of society, all the successes of science, every additional line of

railways, increases the unmerited value of land; irrespective of the population, the effects of improvements in methods of production and exchange are an increase of the rent. Let us insert before the word "rent" the word "communication," or "railway," and all the arguments of Leroy-Beaulieu and other economists against the opinions of George at once fall to the ground; and all facts which occurred after the year 1881 (when *Progress and Poverty* was published) would prove to be in favour of the author's deductions.

The famous land-tax of Henry George, which was, as he himself said, derived from the physiocrats, could in no way fill the Government exchequer. On the contrary, the appropriation of the clear profit by the Exchequer, after the cost of construction shall have been repaid and the owners of the enterprise handsomely remunerated, will not only not be unjust, but, in reality, for the future of the State will present a most reliable financial system, in which duties, excises, and the majority of taxes will not be necessary.

In the absence of frequent, long, and ruinous wars the increase of free capital can go on very quickly, as it has done up to recent times, so that industry is not always capable of employing the whole of it. A plain proof of the cheapening of capital is the well-known reduction of interest on public loans in States that enjoy good credit.

At the first glance it is evident that the profitableness of roads of communication, in consequence of the reduction of interest, putting its influence on land-rent out of the question, will be largely increased. The cheapness of capital gives a great impulse to all industry; all kinds of traffic and exchange flourish more and more.

In towns where Ricardo's laws acted, generally with increasing intensiveness, certain counteracting influences have made their appearance. The improvements of means of communication have led to the population preferring to live on the outskirts of the town, where the value of land

has risen, the value of the centre of the town being reduced. This change has been noticed for some time in Paris. It is evident that the fall of the price of land that is covered with town buildings can be displayed only when there is an excessive development of traffic in urban and suburban railways; that is to say, simultaneously with the increase of their revenue.

Facts of the greatest importance are deduced from these data. All causes leading to the increase of land-rent, increase communication-rent. All causes influencing the fall of land-rent act in an opposite manner on communication-rent. All opposition which Ricardo's law meets with is not applicable to the law of communication-rent. Should the quantity of fertile land be doubled on our planet, owing to some change; if the polar ices were melted; if a new continent appeared from the waters of the Atlantic Ocean; and if at the same time the increase of the population were hindered, the science of land-rent would remain an abstract theory with only a historical importance, but the communication-rent would continue increasing. The opening up of extensive and uncivilised countries and the union of the universal market have worked greater changes than would result from the appearance of new continents, and impressive facts show an unbroken increase of traffic, absolute and relative. It is even doubtful whether the improvement of aeronautics could influence the laws of communication-rent. If the dreams about free movement in the air are destined to come true, this method of communication will very likely always remain very expensive in comparison with steamers, cars, and carriages. It should be remembered that railways have not lessened the importance of rivers and canals, and have increased the number of high roads. Just in the same way aerial ships or flying machines of the future will create and satisfy the new forms of necessities. The economical consequences of the conquest of the fourth element will be not the fall of communication-

rent, but the evident impossibility of all frontier limitations and closed frontiers. But we hope that before such a difficult and great victory has been accomplished, a victory will be gained over prejudices, stagnation, and the false doctrines which are obstacles to the labour union of cultured nations.

The increase of communication is not a mathematical progression. Social changes and economical phenomena never follow exact formulæ. Fluctuations occur in the development of communication. But if we observe the data of the traffic on all international and interior roads for not more than two decades, all doubts will disappear. In consequence of the competition of new roads, independent lines of communication show a decrease of revenue for several years. With rare exceptions, all this is made up, and the increasing movement regains its force. To judge the continuously increasing flow of goods, not two but one decade is sufficient. But it is necessary not to confuse the rent of communication with the intricate and casual commercial combinations owing to which the profits of large enterprises fluctuate. Such, for instance, is the watering of capital in America, with all its consequences. Such are the artificial relations to the State in France, Italy, Spain, and Russia, the system of mutual subventions and privileges, which burden the reasonable norms of concessions. Such is in all countries the ceaseless construction, to which most companies are addicted, which does not give us a chance to calculate the actual construction. The construction of strategic lines, no matter by whom, also causes confusion of judgment.

The above-proved communication-rent law demands that all natural river communications should belong to the State; these roads are the general property of the nation. Ordinary roads and bridges, as shown by the experience of England in the eighteenth century, can better be built and worked by companies or individuals, levying a tax on

goods, that is, a rent. But such tolls, no matter how moderate they be, are too burdensome for national economy, and the State itself should renounce them. The law of rent, where the population was dense, would be displayed with excessive intensiveness, most of all on high roads. This quality of ordinary roads leads to the fact that in our days it is better to defer the construction of a high road than to transfer it to private hands.

Artificial water-ways proved profitable even after the invention of locomotives, supplementing and connecting natural sea and river communications; but only in exceptional districts can they serve as substitutes for railroads. The Government can construct canals if the topography of the country and its rivers are well studied. But in regard to these water-ways, the construction of the Suez Canal, which met with a long and stubborn official opposition, serves as a safe warning, showing the difference between personal energy and firmness and administrative stagnation. It would be very beneficial, as we have already said, if the Suez Canal were purchased from the company, which enjoys an unheard-of communication-rent. But the benefit of the purchase does not prove the necessity of Government construction. The tax levied in the Sound proved to be an injustice as well as an impediment. The revenues of the Suez Canal are a just remuneration for the expenses and risks. Towards the end of the first quarter of the twentieth century this rent will probably be thought undeserved, and too disadvantageous for universal enterprise. It would be well if naval powers now arrived at some agreement with the shareholders, by means of the payment of a certain premium on the shares, so as to bring the term of purchase nearer.

No matter how plain be the action of the law of rent, connected with concessional expropriation, we should not forget that for the appearance of a network of railways too much capital and individual initiative is necessary for their construction to become Government monopoly. The United

States would not be covered by a fifth part of its railways if State construction had been the rule. The unspeakably valuable part played by individual initiative, the expediency of allowing companies to work the railways for several decades, and then transfer them to the State, in certain respects compels us to think of actual proprietorship, the rise, use, and suspension of which is sufficiently the same in all legislation. From a purely economical point of view, the profitable conjunction on expropriated land appears generally in interest and amortisation of the capital spent in the construction of the line. It would be very unjust to demand the amortisation of the capital in a very short term, thus necessitating a very high yearly deduction from the revenue. With moderate deductions, the natural term of the concession for which it is necessary to grant the expropriated land for temporary communication-rent is determined at from 50 to 70 years. During this term the revenue of railways is the just remuneration for the creation of a new agent of national wealth. The reduction of such a term should be effected by subvention and purchase.

All kinds of large public works display a considerable influence on the produce of the country, and some are of as great, if not greater, importance than railways. With others, the actual possibility of existence is connected. The sea dams of Holland, and artificial irrigation in many southern lands, are vital conditions. The preservation of forests and forest planting defend agriculture from fruitlessness in many extensive territories. Nevertheless, the question of the best organisation of all Government works, with the exception of ways of communication and railways, ought to be set beyond the limits of our labours, as all means of communication influence the produce directly and all other labours indirectly. Only means of communication in the form of freights enter into the mathematical equation, where the other quantities are the cost of production,

duties, and the market price. Finally, of all Government works and means of communication only railways present a rapid and accessible factor for the increase of production —a positive factor, which manifestly overbalances the negative influence of frontier taxation.

CHAPTER IX

Free-Trade and Railways in England. Tariffs and State Management in Germany.

A STRANGE argument is sometimes advanced against English Free-Trade. It is said that the growth of English wealth, which undoubtedly appeared after the repeal of the majority of duties, should to a great extent be ascribed to the construction of the network of railways. In reality, such a statement should undermine the system of negative protectionism more than anything else. The country has become wealthier. Protective duties did not exist, but many railroads were constructed, a dense network of which covered all the counties. Consequently, there is a positive factor, under the contemporary condition of science and culture, which displays an important influence on the increase of industry; and one of the greatest factors, not necessitating the co-operation of custom-houses, is the railroad.

With the issue of the first concessions in England in 1830–1835, parliamentary charges sometimes reached to £8,000 per mile. There not only existed no Government aid or guarantee, but the necessary rights of expropriation were acquired at prices unquestionably dear. Only in Ireland railways enjoyed a certain amount of financial aid from the Government; in England and Scotland all the 30,000 kilometres were constructed with private capital at the personal risk of private companies. No State lands existed which the Government could have granted, as in America. The rapid creation of a revenue was ensured

by the dense population and the wealth of the country. Chicago developed from a small village to a great town, thanks to the locomotive. Birmingham, Manchester, and Glasgow were wealthy before the birth of Stephenson. England, just as did the United States, acquired its network without the spending of a single shilling of the State Budget, and without the writing of a single line in the ledger of State debts.

A committee, under the chairmanship of Gladstone, worked out in 1844 a series of measures which became law in the same year. The chief regulations were: First, the right of the Government to fix freight charges, if in twenty-one years after the opening of traffic the clear profit should exceed ten per cent.; secondly, the right of purchase, also after twenty-one years, the purchase value being determined either by basing a capitalisation on the average profit for three years, or by arbitration.

It was never necessary to resort to the first regulation, as competition between railways was sufficient to reduce freights.

In 1865 the question of the purchase of railways gave rise to investigation, but the roads of the metropolis were found to be in private hands. The real, although unexpressed, obstacles to the purchase were: (*a*) the desire not to increase the National Debt; (*b*) the mistrust of Government management; (*c*) the agitation of Socialists, whose voices at this time were very loud, and whose conduct excited no small degree of dread.

In 1815 the National Debt of England was £861,039,049. Even in our times such a sum—nearly twenty-one and a half milliards of francs—is enormous for a rich country. In those days it seemed crushing. One generation of statesmen after another made all possible efforts to ease the burden lying on the country.

In the course of the fifty years between 1815 and 1865, notwithstanding the Crimean War and military expeditions on a smaller scale, the debt fell to £749,000,000,

and the annual interest and repayment required only £27,000,000.

If, according to the law of 1845, the State had purchased the majority of railways in 1866, a new loan of more than £700,000,000 [1] would have been necessary. In other words, it would have been necessary to double the National Debt. The increased debt would be compensated for by the new large income; but the public was frightened at the idea of financial changes and new loans of such vast extent.

In the parliamentary committee of 1872, Captain Tyler gave it as his opinion that in the end all the country would be placed in the hands of a few companies, which in their turn would unite, and then a railway monopoly of the country would make its appearance, and a question would arise as to whether the State should manage railways or railways manage the State.

It is to be supposed that such misgivings have disappeared by now. At the commencement of the twentieth century the purchase of railways can be discussed coolly. A decisive argument in favour of the transfer of railways to the State is not speculation, not the approach to Socialism, not the inclination to open Government interference, not the fear of monopoly, but the increase of the revenue of main lines by the force of the unfailing economical law. Certainly the revenues of English railways were subject to fluctuation. In 1840–1845 a dividend of 15 per cent. was an ordinary occurrence. In 1847 it frequently fell to 13 per cent., and lower, under the influence of the competition of new lines and temporary crises. No one will doubt that in 1925 or 1930 the revenue of lines existing in 1900 will increase, and display an inclination to increase still further.

[1] Up to 1870, in England and Wales alone, over 12,000 miles were opened. The capital spent on the 13,715 miles of English and Scotch roads was over £626,000,000. We presume that our figure of £700,000,000, for the purchase of at least 11,000 miles, on a four per cent. basis, is below the mark.

The base of the financial plan of purchase should be the same as in America. Thanks to debts and military expenses, the English Exchequer has fewer free funds than the American; but ten times fewer roads will have to be purchased. Although the relative cost of English railways is three times greater than American, the actual and possible revenue are nearly equal. We think that the yearly allotment of from six to seven million pounds sterling for from 25 to 30 years to the Board of Trade would, as in America, give sufficient means to ensure very advantageous conditions of transfer of railways to the State, by means of generous but timely subventions of companies. With these funds (produced partly by loans, partly from the Budget) unprofitable lines could undoubtedly be purchased immediately. Remuneration might be offered to profitable lines for the alteration of the conditions of concessions, meaning the agreement to transfer the line to the State in a shorter term, and the increase of repayment of preference shares from the clear profits. The total capital spent on all the roads of the United Kingdom was, in 1899, about as follows:—

Shares	£326,200,000
Guaranteed or privileged . .	£327,400,000
Loans and current debts . .	£222,900,000

The clear profit of English railways rose from £27,445,600 in 1876 (average, 4·17 per cent.) to £31,000,000 in 1886 (3·80 per cent.), and to £35,140,000 in 1889 (4·01 per cent.). With the exception of Irish roads (built under special conditions, with financial aid from the Government) and unprofitable lines (the purchase of which will be no great sacrifice), and remembering that the lines opened up to 1890 represent all the chief arteries of the State, the financial plan will apply to property with a total revenue of about £20,000,000. Yearly sums of £5,000,000[1] in the hands of the Board of

[1] From £1,000,000 to £2,000,000 a year may be spent on the purchase of unprofitable lines.

Trade, during a term of 30 years, will be sufficient for the gradual approach of the term of the free transfer of railways to the State. Such a policy will settle the question in a peaceful and harmless manner; companies will have no cause to fear a sudden and forcible purchase, as was suggested by the law of 1845.

The result will be that before 1950 the English Government, with a debt of not more than £750,000,000,[1] will possess lines representing assets greater than the total National Debt. If, at the granting of concessions for new lines, terms of not more than 50 years are accepted, with a right of purchase in 20 or 25 years, the communication-rent will always be a public property, whether on railways, or canals, or high roads.

The English Government has a certain experience in the working of railways, thanks to the State lines in India. There, three large railways are let out on hire—Bengal-Nipoor, Central Indian, and South Madras. Since this is so, there is no reason to fear the temporary State management on the lines in the metropolis, up to the time when steady and trustworthy firms, to which it may be possible to let the purchased railways on hire under conditions advantageous for the Exchequer, are found. To realise the above-mentioned plan, England possesses, in addition to wealth, an expert and absolutely honest administration, which is under the vigilant observation of the Parliament and Press.

Germany is quite different from the United States and England. The discussion of the railway policy of these three States is sufficient to determine the methods and consequences of the turning of communication-rent into State property in all countries. The German railway

[1] In 1895 the debt was £658,000,000. The suggested financial operations in thirty years will produce an increase of not more than £100,000,000, since half of the yearly assignments will be taken from the Budget.

policy always had an inclination to State construction and State working. Since 1880, resolute steps have been taken to turn nearly all lines into federal property (Prussia, Bavaria, Saxony, Wurtemburg, Baden, and Hessen). The advance of the purchase of Prussian railways from 1880 to 1886, together with the construction of new lines, is seen from the following table:—

	State Railways.	Private Railways.	
		In State Management.	In Private Management.
	Kilometres.		
1860	2,524	1,244	3,002
1870	3,365	1,846	5,707
1875	4,398	2,710	9,060
1876	4,758	2,895	9,131
1877	4,946	3,694	8,788
1878	5,552	3,727	8,905
1879	6,297	3,781	9,223
1880	11,284	3,551	4,883
1881	11,843	3,575	5,119
1882	14,562	—	—
1883	15,737	—	—
1884–1885	19,588	842	1,842
1885–1886	19,962	842	1,897

All German States followed the example of Prussia, and by 1894 the railways of the Empire were distributed in such a manner as will appear overleaf:—

Hence it is seen that before the commencement of 1895 there had passed into the hands of the State 94 per cent. of the chief lines, and of branch lines only 35 per cent. were possessed by private companies. Since the end of 1879 the policy of occasional and gradual purchase of private railways by the State has yielded to the determination entirely to abolish private working as speedily as possible, replacing it by State management. In 1886 there were built by the State 2,255 kilometres, and 236 by private enterprise.

KILOMETRES BY MAY 1, 1894.

	State Railways.		Private Railways.				
			In Government Management.		In Private Management.		
	Total.	Local.	Total.	Local.	Total.	Local.	Total.
Prussia	26,177	7,532	70	52	1,698	1,028	27,945
Bavaria	5,076	1,106	18	18	880	300	5,974
Saxony	2,700	955	66	40	—	—	2,775
Wurtemburg	1,703	157	—	—	31	31	1,734
Baden	1,402	160	71	42	150	150	1,623
Hessen	271	46	—	—	762	79	1,033
Mecklenburg-Schwerin	897	409	71	71	3	3	971
„ Strelitz	—	—	—	—	85	85	85
Saxe Weimar	76	76	—	—	224	30	300
Oldenburg	335	56	41	41	40	8	416
Anhalt	—	—	—	—	41	41	41
Brunswick	—	—	—	—	137	137	137
Saxe Meiningen	87	66	217	54	217	54	304
„ Altenburg	25	25	—	—	8	8	33
Schwarzburg Sondenhausen	—	—	—	—	33	33	33
Hamburg	7	2	—	—	—	—	7
Bremen	2	—	—	—	—	—	2
Alsace and Lorraine	1,482	358	11	11	172	172	1,665
	40,249	10,948	348	275	4,481	2,209	45,078[1]

The justice and foresight of the laws of 1838 facilitated the transfer of the Prussian lines to the State. The principles of these laws remained without great alterations up to 1878, when Prince Bismarck determined to commence their purchase. The law regulated the conditions of concessions and averted accidental influences. The exemplary bureaucracy, nourished by the traditions of Frederick the Great, considered, under all changes of the staff, that the norms, created at the time when the negative and political influence of Socialism did not poison the best Government measures, were quite obligatory.

[1] Not taking into consideration the branches closed for general use (2,903 kilometres).

The Government retains the right of purchase with the observing of the following chief conditions:—(1) Not less than thirty years shall have passed from the opening of the road. (2) The company shall be informed of the purchase a year in advance. (3) The purchase sum is determined by multiplying the average dividend for the last five years by twenty-five.

Before the expiration of thirty years from the opening of a railway, new lines are not permitted between the same termini and intermediate points.

These conditions are instituted as a general standard. Their simplicity, practicality and justice are evident to all unprejudiced economists; they were the base of the railway policy which, ten years ago, led to the concentration of nearly all railways in the hands of the Government.

The transfer of railways to the State gave brilliant results without any violations of concessionary rights.

In 1890 the State railways yielded an income of 775,023,674 marks. After deducting the working expenses, 350 millions still remained: the payments due on all national debts, including railway loans, in 1889–1890 were 210,056,622 marks.[1]

Prussia's national debt was 6,492,800,000 marks in 1897–1898. The takings of State railways amounted to 1,118,354,639 marks, and their working expenses to 634,427,085 marks; consequently, we may state in round figures that a debt of six and a half milliards demanded a payment of only 275 million marks a year. This debt (caused by military expenses) is more than balanced by the clear railway profit of nearly 50,000,000 marks.[2]

The results are brilliant. Economists and rulers of all countries, especially of England and America, should take example from the Germans. The railway policy of German States in general, and especially of Prussia, confirms the great advantages which the Exchequer derives

[1] *La Science des Finances*, p. 587, vol. ii.

[2] *Statistisches Handbuch für den Preussischen Staat* (1899).

from the gradual increase of the profits of State railways.

The best railway policy consists of the junction of two systems, of which one enriches the finances of Germany and protects the country from the action of communication-rent, while the other has created the wealth of England and America.

All German State lines should be declared Imperial, and let out to private companies for terms of fifteen or twenty years under the general law voted by the Reichstag, and on concessions, each being approved independently by the federal council, after presentation by the Chancellor of the Empire. The money, paid in accordance with the agreement of hire, ought to be distributed between the various States or paid to the Exchequer. The construction of new lines should generally be left to private initiative and freely established private companies. Concessions should be granted, similar to those of the United States, but with the limitation of the term to sixty (even fifty) years; the right of purchase should arrive not later than after the expiration of thirty years at most.

These railway companies should be aided, but guarantees of capital should be avoided. It is better to supply loans, and, still better, subventions, and in the majority of cases not money, but rails or sleepers, or rolling stock.

Technical control and all limitations connected with it can exist only on State lines that have been let out on hire. The safety of traffic should be ensured not by inspection but by the strict legal responsibility of the company.

The consequences of such changes will not be late in appearing. The free capital of Berlin, Frankfort and Hamburg, instead of emigrating, will find employment at home. In ten or twelve years the construction of fifty or sixty thousand kilometres of cheap lines will require 2,000,000,000 marks.

The emigration of the inhabitants will also be reduced. More than one hundred thousand Germans will retain their

nationality and find remunerative occupation at home, without crossing the ocean.

Germany with 100,000 kilometres of railways, compared with Germany with only 50,000 kilometres, will be, not twice, but four times richer.

When this increase of wealth is joined to the development of industry, which, in our opinion, Germany has acquired from the spread of knowledge, then all frontier limitations will become unnecessary for national labour and the exchequer. Freedom of foreign import will cease creating fear; duties and excises will be useless when the network is doubled by insignificant sacrifices of the exchequer. The advantageousness of one or another State line will fluctuate, but the general taking of all lines will gradually increase by force of the law of communication-rent.

With the declaration of the freedom of German frontiers, Germany will have no more enemies or suspicious allies either beyond the Rhine, the Vistula, the German Sea, or the Danube. Neighbour will be the synonym of ally. When numerous trains, loaded at the Loire and discharging at Vienna, Pesth and Warsaw, cross the bridges of the Rhine, then the Rhine fortresses and the earthworks of Coblentz and Maintz will become attractions for tourists, as are the towers in which long ago stern and mailed ancestors lived in hourly expectation of an attack from their enemies.

CHAPTER X

Agrarian Laws

WE did not intend including the agrarian question in this book. The forms and types of land-ownership greatly influence production, but observation proves that under entirely opposite agrarian relations a similar level of national wealth is reached. The best norms of the distribution of landed property correspond with industrial stagnation and poverty. Estates are very large in England and Italy. Land is nationalised in the Mahommedan East. Community reigns in Russia and on the island of Java; the ancient peasant State of Norway is very similar in agrarian relations to many states of North America.

It is an undoubted fact that the distribution of landed property and agrarian laws have much more influence on national welfare than on national wealth. We cannot in this work discuss such questions, because we are debating only the economical order, national and international, which ought to lead to the cessation of international antagonism, and consequently abolish war, the influence of which on the sum of national wealth, likewise of the national welfare, is much stronger than the influence of any agrarian relations. When wars cease and armies disappear, the material and intellectual force of State power, increased tenfold, will speedily solve the gravest injustices of land-ownership, simultaneously with other questions of as great importance, connected with the averting of epidemical poverty. We are thus forced to put the agrarian question in a very concrete form, although the results of the measure

proposed hereafter, in case of their realisation, will overcome all that is actually attained by the total activity of the party preaching the nationalisation of land. We have simply to point out the positive equivalent of agrarian measures which balances the negative influence of duties.

Russia and America export grain, which England imports without duty. France and Germany import it, but institute protective duties. Free exchange is important for countries exporting agricultural produce, as has been proved, firstly, in consequence of the cheapening of agricultural implements, machinery, and appliances; secondly, in consequence of the cheapening of the majority of articles of consumption, the result being that for an equal quantity of agricultural produce a greater quantity of other goods is exchanged, in consequence of which the revenue, in reality, increases.

The Russian landlord and peasant, and the American farmer, with the disappearance of custom-houses, will till his land better, and, even if the harvests and prices do not vary, will live better.

In Germany and France, where the Corn Laws were revived at the end of the nineteenth century, the repeal of grain duties will be viewed by agrarians as a loss of a considerable part of the land revenues. But certainly the agrarians themselves and the Melinists would consider the losses less if, with the total freedom of frontiers, not only rural produce but all manufactured goods were to become cheaper. It is hardly possible that the highest of the existing tariffs raised the clear profit of land more than 25 per cent. The unprejudiced economist confesses that the compensation for the total abolition of custom-houses would be more than sufficient even for those narrow calculations which characterise the plans for the ephemeral welfare of agriculture by means of the rise in the prices of articles of general consumption.

It is now about half a century since Cobden won his great victory. We have already proved that with the

present tariffs the export and import by way of the frontiers of the British metropolis can be called free only in comparison with other countries. If the frontiers of the United Kingdom became quite free, agriculture would gain, for two reasons: first, colonial goods, taxed with very heavy excises, and forming part of the necessities of an agricultural labourer (coffee, tea, beer, cocoa), would become much cheaper, so that with the same level of wage the condition of the poor would be bettered; secondly, all other goods would be liberated from the oppressive custom-house formalities, and would also become cheaper, and the total trade balance would increase rapidly. Even in the near future the freedom of English frontiers would lead to the disappearance of custom-house and frontier cordons at least in those countries which in principle acknowledge free trade. These are Belgium, Holland, Sweden, Chili, and the colonies of Canada, New Zealand, and the Cape.

In all countries with free frontiers, agriculture, on an equality with other forms of national industry, will take advantage of all positive measures of Government assistance to industry.

The increase of credit is as important for land as for factories. Free State and private initiative is as precious for the farmer as for the manufacturer. The spreading of knowledge will produce intensive management, and the rapid growth of railways will give the agriculturist more profit than could come from duties on imported grain.

Agrarian measures, which should come within the region of State assistance to agriculture after the freeing of borders, should consist in the abolition of huge estates, and in such purchase and hire operations as would establish the prevalence of small landlords or communities. In Europe and North America, in States with cold or temperate climates, with dense populations, with firm civil order, in the near future it will be necessary to aid, not agriculture, but the agriculturist. The farmers of Germany and other countries, finding that the cheapness of grain was ruinous

to their interests, in reality were pleased by the existence of large landowners, although in all their complaints they mentioned the wants of the farm-labourer. The union of free borders and necessary agrarian measures will remove all reasons for this agitation. Free exchange, the spread of knowledge and small proprietorships, will harmonise very well with cheap prices of grain.

The agrarian policy of the twentieth century, to be fruitful, should consist, not of the inactivity of the State, not of its non-interference, not of the nationalisation of the land, not of Melinism, not of Marksism. It is necessary to keep back the solution of the question as to the advantage or disadvantage of common proprietorship. It is necessary to acknowledge legal not only the interests of the higher classes, but also national traditions. Right should not trample on liberty, or liberty on right.

The same principles of life as were established after the seventh decade are the principles which promise eternal war or eternal peace, the result depending on the dissent or labour union of nations. These principles caused a revolution in the importance of land as an implement of labour. When cheapness and rapidity of communication placed American and Australian pastures side by side with European, the consequences were not slow to appear. The prices of agricultural produce began to fluctuate, and either fell or acquired a tendency to fall. The growth of land-rent ceased, and in certain countries fell rapidly. Large landownership ceased being the best form of individual and family wealth. Large estates frequently became like those speculative holdings which generally yield small dividends, often yield nothing, and threaten to collapse in the future. The owners of entails in England, Prussian junkers, Austrian and Hungarian magnates, the large landlords of France, Russian landlords, all saw a similar decrease of their revenues. Many formerly wealthy persons, the owners of huge estates, could only remain in the ranks of the rich aristocracy if, in addition to their land, they

possessed other more trustworthy sources of revenue, such as town houses, factories, mines, and capital.

Having ceased to yield an ensured and increasing revenue, large estates, because of other reasons, ceased to give power. The economically dependent farmers and labourers nurture animosity towards the landlord, and do not fear him in the least.

In England the appellation "landlord" is frequently understood to denote the natural enemy of the population. An active propaganda is preached in Germany, France, and England with a view of proving to the populace that the more land is concentrated in the hands of one person or family, the more such persons or families should be considered guilty of attempting to seize the natural wealth of the human family. A large landowner rarely has much influence at elections. It is difficult to act openly; secrecy and untrusty anonymous agents limit success. When such dishonest affairs are successful,—as, for instance, pressure on the conscience and opinion of electors,—the success is not worth the unpleasantness which remains and the upbraidings which are heard on all sides—in papers, from platforms, and in the halls of Parliament.

The former importance of landed magnates has disappeared, thanks to the abolition of class prerogatives, equality in the eyes of the law, elective reforms, freedom of the press, spread of education, democratic feelings, and new doctrines. The position of the manufacturer and the large mill-owner is more advantageous, for they can easily win a certain measure of popularity among their numerous and disciplined workmen. The possession of enormous wealth does not prevent them from declaring themselves supporters of the nationalisation of land, from thundering against feudality and junkers in Germany, against landlords in England, and from appealing to the great principles of 1789 in France.

Landed entails, family estates, are dear to the owners,

because the State does not offer them a better security, safe from spendthrift inclinations and other accidents. Family traditions are everywhere connected with a small area of land where the ancestral house still stands. For a Frenchman bearing an ancient name, for the English squire, the German baron, the Russian nobleman, the real intellectual interest consists in the preservation of the old home only where his ancestors lived; and, instead of extensive lands surrounding his garden and park, it is preferable to possess a steady and enduring money rent.

The aims for which in England and on the Continent family entails and large estates are still preserved, and the reasons why aid is given to the nobleman landlord, will be more surely attained if the State, in a liberal manner, will purchase large estates, not for a sum payable immediately, but for a perpetual rental. This rent should be declared (according to the laws of the country) either family property, or subject to division, or a property passing to the firstborn, and consequently presenting only a revenue for a lifetime, every claim to which becomes extinct with the death of the owner. Entail will be instituted only for the family dwelling-place, to which a perpetual money rent will be added. The family traditions, political aims, and the postulates of the new economical order will be at truce.

In England or Wales it would be sufficient to leave 1,000 acres for every estate to the 400 peers who possess an average of 14,332 each, and to 1,200 other large landowners who have an average of 6,598 acres each, and to purchase all that remains above that norm, since large enough farms, yards and parks can be arranged on such an area. Family oaks and elms, drives planted during the reign of the Stuarts, will remain intact, and will be preserved against the propaganda of the advanced Socialists and the quieter supporters of the nationalisation of land. The real charm of old English homes will not be destroyed. After this has been done, an enormous area will remain for the nation.

Thanks to the union of the market and the fall of land-rent in England during the last thirty years, a certain liberality of price when purchasing, not too burdensome for the Exchequer, would make it possible to avoid such a compulsory expropriation for the majority of landed estates as for some time has been observed in the expropriation of land for State works, when nearly all owners yield their land with pleasure, and positively gain, whether the matter be voluntary or compulsory. It will not be difficult for the State to let the expropriated lands, temporarily or perpetually, or to sell them to small owners. It is not difficult to institute laws so as to prevent the regrowth of large estates. There will be no injustice done in establishing a progressive tax on those lands which, at the instance of the Government, shall be transformed from large to small estates, or made public property. Such a tax will in reality be a burden laid by the State on a certain part of the territory acquired at the cost of the Exchequer, and a wide gap will separate this tax from those proposals which are based on masked confiscation of large estates by means of high-handed and heavy taxation.

On the purely financial side the whole reform will require only turnover, and not actual expenditure. It is hardly necessary to resort to statistical calculations to prove that land in England will find purchasers or hirers, when its new owner, the State, commences offering it in small lots under advantageous conditions of payment or just conditions of hire. The process of the disappearance of small ownership and the growth of large possessions, which is still continuing, will cease suddenly when the large estates are purchased and their reappearance becomes impossible. English nobility and English gentry follow the example of their sovereigns, who, though wealthy, never strive to get much land into their possession.

The centres of aggregation will not exist. Other powerful influences will be liberated. Foreign competition and the union of the universal market, the famous cheap trans-

oceanic grain, and other products which flood the country, threaten the landlord and large farmer, but do not in the least form an obstacle to the creation of a class of small owners. The increase of wage and the reduction of working hours, the cheapening and facilitation of communications are the three causes which, taken together, will naturally tend to help the factory and agricultural labourer, whose chief revenue is wage received in town and on farms, in becoming an owner of a piece of land with a flower and kitchen garden. With the same economical conditions, free cheap lands round manufacturing districts along the railways will become covered with thousands of cottages, whither the labourer will daily return, spending his leisure with his family in the pure air, and not in the barrack-like buildings in the close streets. English towns will rapidly increase in size and in the number of railway approaches.

The land which will be cut up into farms of small and medium size, under the present conditions possibly will not gain in the sense of revenue; but, on the other hand, there will be no loss. The almost perfect condition of agriculture will still exist when the new plan is in operation, as proved in Germany, France, Norway and Japan. And if in certain English shires the conditions of cultivation demanded larger agricultural units, the great capacity of the Englishman for forming associations would yield not less profit in the sphere of agriculture than in other branches of industry. The ethical and political consequences of the purchase and sale of English entailed property would be very great. The unpopularity of the landed aristocracy would disappear, and, preserving all forms of hereditary revenue, excepting lands, this aristocracy would lose nothing. The useful sides of influence would be preserved; the injurious would disappear. The democratic feeling is strong in the English populace, but it is joined with historical feeling. All know what the nobility and gentry did for English freedom, and therefore titles and family

wealth, if they do not threaten general interests, do not rouse in the farmer and labourer that animosity which is so strong and fiery in many continental countries. There will be no landlords, but lords will remain. Rich dukes and barons and wealthy squires will not be impoverished, and will still dwell upon the family estates in the midst of ancestral gardens and parks. But they will be freed from their present and not very elevating relations to farmers and farm-labourers.

Extortions, foolish lenience, and oppressions would cease. Country squires would be surrounded by friendly neighbours, by a class of owners and agriculturists among whom the wealthy, educated, and noble inheritors of the ancient halls, by force of English traditions, will always enjoy an honourable influence. The sad aspects of rural life in the counties will disappear, and the best customs of old and merry England will reappear as soon as English land becomes the property of the English nation.

The fundamental conditions of land-ownership and land hire in Germany are as follows:—

(1) Duties on farm produce are introduced to protect the country from cheap import.

(2) Large estates predominate in North and North-East Germany. In all other States there are numerous entails and family holdings belonging to the nobility. The political importance of the aristocracy and military nobility is very great. In the largest States the higher class presents a firm support for the throne, and possesses powerful and steady supporters in the persons of the allied monarchs.

(3) In the south and south-west (Baden, the Thuringen States, part of Wurtemberg and Bavaria, the Prussian provinces and Nassau) and on the Rhine, small land-ownership prevails. In certain places the land is cut up into such minute estates that farming assumes a character which excites alarm in the hearts of many economists. They say that nothing good can come of the work of a farmer on the

excessively small estates, which are called "dwarf possessions" ("Zwergwirthschaft").

With further division, all the landed property, all the territory of the State, as predicted by Friedrich List, may be turned to dust. An area of one and a half hectares, or less, is considered dust ("Staub").

(4) In the central zone, and partly in Schleswig-Holstein, Brandenberg, Westphalia, Oldenberg and Hessen, medium land-ownership prevails. The holdings vary from 10 to 100 hectares. Not long ago economists and the Government equally praised the paradise which arose with the establishment of peasant landowning. "Ein tüchtiger gesunder Bauerstand" was the ideal towards which it was necessary to move. Time has brought much disenchantment. As long as medium ownership exists, very many people are torn away from the soil, and all that have not gone to the town, or have not emigrated, involuntarily become workmen. During recent years the paradise has proved to be a mirage. The competition of the universal market, in despite of duties, has lowered prices; taxes and wages have risen, and the population has increased. Under the combined influence of these causes, together with the fall of profits and the comparatively good prices of land, the medium lots were sold and divided by the transfer to large, wealthy owners, or to form "Zwergwirthschaft."

Though we do not venture to prophesy the coming agrarian order of Germany, we do not shrink from affirming that free borders and Government purchase of large estates will put a stop to such economical contradictions as the high price of food and the poor revenues of agriculture; the simultaneous ruin of both owners and hirers; the danger of cutting up land into areas that are too small, and of its monopolisation in the hands of magnates.

The rights and interests of German landowners can more easily be ensured than that of English landlords. The family claims on the Rhine and the Elbe are undoubtedly more modest than they are across the Straits of

Dover. A smaller family estate and a smaller revenue will be considered sufficient.

There is no reason whatever to struggle against the so-called "Zwergwirthschaft." The use of land with the existing corn duties is quite different from its use with free borders. United with the universal market, ensured against land monopoly, wealthy Germany, with its developed industry, will manage to find the most generally advantageous norms of land distribution and of the use of land, by uniting individual initiative and co-operative agricultural unions. With the widest activity, the State authorities will have no necessity to go beyond the sphere of the rules now in force, or to limit personal freedom, or to undertake any oppressive, regulative or confiscating measures. Once an end is put to the large personal and hereditary estates, the territory will gradually become nationalised. The Government will only have to aid the natural economical process, carried out under the influence of competition and co-operation with distant estates situated in neighbouring countries or in distant parts of the world.

The administrative work will be executed with perfect justice. Possibly on the purchased estates new forms of land relations will spring up, as, for instance, perpetual hire of lands from the State (Erbpacht). This system has already been tested, and has yielded happy results.

In any case, free borders and the disappearance of large land-ownership will help to brighten the future. The complaints of the agrarians will cease when their estates are purchased. The population will receive cheap grain and cheap land, and agriculture will begin to adapt itself for costlier products, or such as do not depend on transoceanic competition. The questions of landownership are separated from questions of agriculture. In manufacturing districts the owners of "dwarf estates" will quickly become, speaking comparatively, large landowners, because a still smaller form of ownership will make its appearance

when every workman has his own patch of ground, with a cottage built upon it. There will be nothing to prevent the Government, with advantage to the Exchequer, from developing activity in purchasing large estates, and afterwards in adopting the principles of "Erbpacht," even to very small holdings.

No difficulty will be experienced in maintaining the upper class, since the family capital and the rent produced by the small estates will ensure the safe and handsome portion of the old owners of the huge estates, which, towards the end of the nineteenth century, instead of their former importance and wealth, have produced losses, risks, and hatred.

The agrarian relations of France can be described in a few words. The number of owners is very great. Half the population of the country owns land. The majority have small lots, as three-quarters of the agricultural territory of the country (nearly 50,000,000 hectares) belongs to medium and large owners.

From our point of view it is desirable to increase the number of owners.

To purchase 20,000,000 hectares, which are in the hands of large owners, and to divide them into small estates of not more than 25 or 30 hectares, and then to let them out on hire or sell them, would be a measure that would do much more for landowners than the custom-house combinations of M. Melin.

Small ownership would certainly be a powerful factor for increasing the national wealth of France.

It is known that during the Revolution a great number of lands, which formerly belonged to the State, the nobility and the clergy, passed into the hands of the peasants. The importance of the agrarian revolution, which took place with a grievous and unnecessary violation of rights, cannot be exaggerated, but, in any case, this land redistribution is to a great extent connected with the

present comparative welfare of France and her economical stability.

It is necessary in our days to repeat this distribution, but with the strict observance of individual rights and legality. The natural inclination to political freedom, equality and independence, which was expressed in the great Revolution, now gives way to as great an elementary inclination to universal labour union. When the contemporary border obstacles, which limit universal co-operation, and, what is far worse, nurture international antagonism, with all its consequences, armies and wars, shall disappear, the agrarian problem of European Governments will become simple and clear. It is necessary to agree that cheap bread shall arrive from beyond the ocean, and to consider the cheapness a benefit, and not an evil. It is necessary to consider the fall of land-rent in Europe the natural and beneficent consequence springing from the widening of the the world's agricultural area and from the institution of universal co-operation. And with the means, authority and experience which contemporary governments possess, it is possible for them all to endow the majority of the population with land.

Democratic France, which has outlived so many revolutions in one century, differs sharply from England and Germany with regard to the higher classes. The political power of the French nobility is ruined. Happily or unhappily, no contemporary French Government would dream of imitating England's solicitude for her nobility and landed gentry, and Germany's for her princes and barons.

The agrarian question of France is not so complex, and is naturally limited to the simple payment for the purchased estate. But even here the pacification of parties may be effected by giving the contemporary owners of large estates the privilege of preserving family dwellings, as well as pieces of ground adjoining them equal to the maximum estates; that is, from twenty-five to thirty hectares. Twenty million hectares will be distributed among

the French labourers and peasants, but at the same time the nobility and the rich will preserve their *châteaux*.

In any case, the active measures of the State in increasing small land-ownership will help France to come out of the contemporary *cercle vicieux*.

Countries that export grain are placed in a happier position than England, France and Germany with regard to co-operation with agriculture. There can be no question of duties in the United States and Russia.

It is known that grain-exporting countries complain of foreign competition not less than do German agrarians and English landlords. The real difference is that the former complain of the flooding of the home-market and the latter of the inundation of the universal market. Argentine wheat prevents the Staffordshire farmer from selling his grain in the neighbouring towns, and prevents the Russian landlord from receiving a high price on the London market. The union of the universal market in the interests of grain-exporting lands manifestly demands freedom of frontiers and small land-ownership.

A smaller sum of gold is now paid for the same quantity of grain. But the price of manufactured goods has fallen still more. As a consequence of this cheapness, the revenue of land, in goods, increases, being nominally lower in money value. The change to intensive management actually depends on the cheapness and good quality of machines and tools; and cheapness and good quality appear only in consequence of universal competition. Though all these plain truths do not want proof, they need to be mentioned from time to time.

If the same methods of tilling are applied in the Argentine Republic and Russia, the Russian large and medium estates will not be capable of standing in equal conditions with the transoceanic owner, who enjoys perpetual summer, and who usually reaps two harvests every year. But he who works personally with his family on his own land does

not fear the transoceanic competitor if the harvest is good. The prices of grain and labour have no importance for him, when the ground tilled by him yields an abundant harvest; and even in a bad year it will be seen that his position is by no means discouraging.[1] Large land-ownership and large farms are the characteristics of lands with rich soil and thin population, whence the surplus is despatched to densely populated countries with moderate and cold climates and less fertile soil; to countries where there is much winter leisure, many abundant stores of mineral fuel, and where abundant free capital has been collected.

In European Russia over 73,000,000 hectares belong to the nobility and about 10,000,000 are in the possession of merchants and other classes—not peasants: all this enormous area can serve as an object of agrarian measures. Since 1880 the Government has decided upon helping the nobility. It was declared necessary to have a hereditary, ensured class, connected by its property with the local interests. This was the reason of the institution of the State nobility land-bank, which issued loans to the noble landowners on very advantageous conditions. The high mortgage valuation, low interest, and the instalment system of payments were all introduced, so that landlords of the privileged class, burdened by debt and deprived of free capital, might preserve their estates and acquire resources for turnover.

By the substance of these measures it is plain that the Government considered the land only as a means of material security of the nobility. It was desirable to attain not the concentration of the maximum quantity of land in the hands of the nobility, but a surety that this class should become fixed to the land and enjoy material independence. At the same time as the nobility's, the

[1] To prove the future triumph of small land-ownership much has been done by the talented Russian economist who writes under the initials of V.V. See his *The Fate of Capitalism in Russia.*

peasant-bank was established, the problem of which consisted of establishing the peasants as small land-owners. Comparing the principal ideas of the foundation of these two banks, it is plain that for one of them land is the means, and for the other the aim. By means of the operations of the former bank, with the assistance of land, we strive to ensure the nobility's wealth, independence and plenty; by means of the operations of the latter we strive to give the peasantry more land.

Complaints of the hard and insecure state of the nobility do not cease, and their chief source is the difficulty of getting sufficient revenue from estates for a decent living. In each separate case the State advance of money is only a palliative. The price of grain has fallen because of transoceanic competition and the very small increase of population, and protectionism with one hand raises the price of agricultural implements, and with the other causes the dearness of manufactured goods.

At the very time when the possession of land is a burden to the nobles, the peasant suffers from the want of land. Hundreds of thousands of Russians emigrate to Siberia in the search for free lands. In 1898 over 400,000 emigrants were carried beyond the Ural mountains along the new Siberian railway. The emigration floods, which in North America were created by international demands, are caused by national life in Russia.

Within the limits of a State a movement takes place equal in extent and consequence to universal revolutions.

We take the liberty of expressing a conviction that the Government's aim—the material safety of the nobility—can be fully and speedily attained successfully by the same measures as would for a long time supply the peasantry with land, and would put an end simultaneously to the burdens and the complaints of the landowners.

The abolition of all obstacles to international free exchange on Russian borders, and the substitution of positive in the place of negative co-operation with national industry would

rapidly enliven agriculture, and could be connected with the State consolidation of the estates of nobility. Inherited estates should be entailed, just as are prescribed estates. Not more than fifty (at the most a hundred) hectares ought to be allotted to each of the estates belonging to nobles. On an average, the securing of estates for the nobility would necessitate not more than 6,000,000 hectares.

The remaining 75,000,000 hectares would have to be purchased in a liberal spirit; in return for land, certificates of a perpetual investment at 4 per cent. might be issued by the State Bank.

The total operation could not be disadvantageous to the Government, because:—

(1) Land in Russia is becoming dearer everywhere.

(2) Acquiring large areas and ceding them as property, or letting them to peasants or communities, the Exchequer will realise all its expenses, even if a liberal purchase sum is paid.

(3) The Government possess instruments for these operations in the two banks that we have mentioned. These institutions possess sufficient experience, and have acquired the necessary habit in all forms of valuation and consolidation of the landed property, both of the nobility and the peasantry.

The nobility will acquire a sure revenue, and the connection with local interests will not be purchased at the price of ruin, useless labour, and even want. Rural life will lose its present dull colour. The unbecoming relations between the nobles and the peasants will cease, and class antagonism will never reappear.

The mass of oppressed peasantry will gain most of all. Seventy-five million hectares of land purchased from the landowners and distributed by the Government will cause the final disappearance of the want of land. Up to the present time a smaller area has been marked out in Siberia for emigration. The 75,000,000 hectares are situated near the peasants' lands. The paying capacity of the nation

will increase. The increase of the land in the possession of the poor agriculturist will so increase the revenue of the Exchequer that the additional income will more than cover the abolition of frontier, protectional, fiscal and excise taxes. National industry will receive an extensive demand for goods for the inland market.

CHAPTER XI

Special Measures for Positive Encouragement of National Industry.

WITH free frontiers, safety and liberty, with a high level of education, with an extensive network of means of communication, certain branches of produce, notwithstanding beneficent natural conditions, will meet with temporary obstacles, partly owing to stagnation and insufficient enterprise, and partly to the pressure of the established foreign trade. We are ready to admit that for certain industries the Government may decide on temporary direct assistance.

The direct natural solution of the question is not the issue of *premiums*, which have frequently been proposed as the economical equivalent of duties. The comparison of premiums and taxes is, according to our opinion, a *logical mistake.* In regard to their influence on national labour premiums and taxes are not plus or minus. The error is explained by attention being paid only to the exterior of frontier duties (import tax), and hence was deduced the necessity of an equal premium on native products, if protectionism became positive. In England a piece of cotton-print costs 5, in Russia, 8 roubles; consequently, in place of an equalising duty of 3 roubles, a premium of 3 roubles is suggested; with duty, the price of cotton print in Russia will be 8 roubles, and the Russian manufacturer can carry on business selling at 8 roubles; with a premium the price will be 5 roubles, but the Russian manufacturer will receive the additional 3 roubles from the State, and consequently, it is said, will be capable of competing with English import.

Such deductions are erroneous. In reality, to put the question properly, we should take not the different clauses of the tariff, but the *entire tariff*, with its influence on the produce of the country, surrounded by the tariff wall. Having put aside the fiscal element, which is always joined with all protectional custom-house combinations, we see that the country where the consumer indirectly pays frontier taxes on import of cheap foreign goods agrees to the deficiency of certain industries being repaid at the cost of the entire State. If duties are abolished, and the whole country forms an extensive *porto-franco*, and the aim of the positive Government is the preservation of these native products (notwithstanding the pressure of universal free competition), the natural solution of the question is the appearance of *Government mills and factories*. Suppose we abolish duties on cotton, cotton-print, cloth and iron, but still desire, for future advantages, immediately to commence working Russian cotton, wool and ore, and agree to make certain sacrifices for the establishment of cotton and wool mills and iron works. In such a case, all these mills and works, as was to be expected, will be established with State capital. Premiums, and not Government factories, were proposed in view of the current opinion of the unsuitability of Government organs for management. As we have seen, this unsuitability has only a relative consequence. At any rate, during the days of Bastiat and Considerant the supporters of premiums displayed a far too small acquaintance with facts. Long ago, extensive Government works existed in all countries for only military purposes. The manufacture of guns, rifles, projectiles, the construction of battleships are much more complicated than iron-working, cotton-spinning and cloth-weaving, and many other industries which are protected by custom-house duties, and to which we desire to give premiums. In our conviction, the State cannot control the entire produce of the country, according to the Socialists' programme. The Government cannot manage the produce as successfully

and advantageously as private persons and private companies. But the Government can undoubtedly manage factories and mills just as well as firms and individual owners, for whom decades of tariffs are *conditio sine qua non*.

In the contemporary sphere of peaceful industry the State can be more successful than in military affairs. No secrecy is necessary. The entire course of manufacture can be open to free criticism. In an age favourable to the Governmental working of railways it is difficult to deny the possibility of State factories. We have already proved that railway economy, the working and repair of railroads, presents a very intricate business, and that this intricacy is the chief obstacle to direct Government management. Mill and factory management is much more simple than that of railways. But it is better for Government factories to adopt that method of private hire and State possession which presents the natural solution of the question of who is to own and who is to manage railways. For factories, hire appears to be a very reasonable plan of management. An important point of difference between them and railways must consist of the fact that the produce, with which the Government mills and factories will be temporarily occupied, will gradually and entirely pass into private hands, so that, instead of an artificial creation, an entirely independent private industry will spring up, gathering force from general and not special measures of Government co-operation with national labour.

For direct co-operation with native produce every Government, besides State factories, possesses powerful means, long since tested, and not once proved to be better than any provoking duties. We mean the guarantee of orders for private national industry. Free borders put aside negative protectional entanglement from all branches of national labour, which have natural germs of development in the country. For direct encouragement of cer-

tain forms of manufacturing industry, the Government can resort to its right of acquiring at home articles necessary for the Government management. The newest industry proves very susceptible to such co-operation, which is foreign to any prohibitive character. The abundance of capital, the great power of contemporary technical science, and the energy of enterprising business men all combine together where there is a sure market and regular sale.

The army, fleet, communications and roads belonging to the Government or dependent on the Government, State buildings, Government schools, State lands—all these require a vast number and variety of goods, the production of which in the interior of the country causes neo-protectionists, the followers and assistants of Bismarck, Melin, McKinley and Mendeleyieff, to alter their tariffs. Renouncing the creation of artificial high prices by establishing frontier taxation, the Government has full reason, remembering the sacrifice borne by the consumers, to inflict them to a certain extent on the Exchequer, paying more on orders and supplies for Government. The legal principle of such co-operation is plain. Any local authority prefers in all necessities to deal with local tradesmen and industries, if they are not too expensive. The central Government has the same reasons for preferring native purveyors, just as municipal and provincial authorities prefer local workmen and tradesmen.

The economical base of co-operation with native industry is established by the effort of contemporary industry to balance prices rapidly. With free frontiers this rapidity will be increased. And then that natural preference which every reasonable Government has for local purveyors will give native industry an enormous advantage.

Even now, with the system of artificial expensiveness and frontier limitations, we can be convinced how much more effective is Government security of sale than high protective taxation of foreign import.

New works and the development of the coal trade in the South of Russia were least of all developed by high duties. The construction of railways, which connected the ore-beds with coal-mines, and Government orders given so as to satisfy the demands for a further construction of railways, did in two or three years what in fifteen years could not be done by 100 per cent., and even higher, import duties on iron, pig-iron, steel, and 60 per cent. on coal. English capitalists constructed a large manufactory in which rails were made, and enlarged it only upon receipt of an extensive Government order for rails: war-duties could not create mines on the shore of the Black Sea before the change of policy created a new railway mania. Then, English, Belgian, French, and German capitalists, encouraged by abundant and continuous orders, set the business on a large footing. The country was transformed. The first steps were taken to derive advantage from the immense stores of excellent mineral fuel.

Offer the authors of the development of the youthful Russian industry the choice of doubling the duties, or a new order, even at a low price. They will undoubtedly prefer the latter. The calculation is plain and simple. It is better to gain ten copecks per pood on a million poods than thirty or forty per pood on a hundred thousand poods. A Government abolishing duties, and simultaneously caring about finding work for native enterprises, reduces single profits, but increases the revenues of enterprises. The spirit of contemporary industry is expressed by the well-known French principle *gagne petit*. In other words, a cheap but large sale is the object at which to aim.

The development of American industry is under considerable obligation to the large orders which the colossal growth of railways gave to native mills. Positive encouragement, without any duties, was effected in America, though not by the State, but by building companies.

When the positive co-operation with native mills and factories grows out of free borders into a rational system, it

would be useful, according to our opinion, to establish it on the following four principal bases:—

(1) Duties and Government orders should not be permitted simultaneously. Government orders should be given only after the frontiers are free.

(2) No measures, laws or rules of an exceptional or prohibitive character should be permitted with regard to Government supplies. Foreign orders should not be prohibited, but on the contrary, it would be useful to take measures to bring it to pass that part of each order—although the smaller part—should be executed abroad, for the constant comparison of the prices and qualities of native and foreign goods.

(3) The distribution of orders should be effected openly, and should be decided upon by a committee. To avoid personal preference, it is necessary to be directed by competition. With free frontiers no syndicates or agreements are dangerous.

(4) During times when work is scarce, the quantity of Government orders should be increased, so as to assist native enterprises; in other words, orders should be given for stores of articles which are not liable to spoil if kept. These stores, in times of increased activity of works and factories, will allow of the reduction of supplies, and prevent the necessity of paying high prices.

Lassalle demanded cheap Government credit for the formation of productive associations of workmen. At our time State loans to native enterprises, without any relations to socialistic principles, should occupy a prominent position among positive measures for the support of certain branches of manufacturing industry. States possessing a high level of credit can give great assistance to native produce, if the Government with all its authority becomes an agent between the demand of capital and its supply.

Suppose a capitalist has constructed a mill or factory on the borders of the State. Needing to develop the business,

or still oftener being in need of capital for turnover, he issues preference shares; but their realisation in the provinces depends on accidental circumstances, and there the placing of the capital will be a difficult matter, because of the distance at which the enterprise is situated.

If this enterprise is classed with the kind of industry which is to be supported, the Government's assistance should consist first of all in the thorough verification of the guarantee of the obligations, and then their guarantee or purchase. The interest should be equal to the interest on Government bonds, but the repayment should be more rapid. Such loans should in no case be a source of revenue for the Exchequer.

Loans for industrial purposes can be issued in another form. If Government factories are considered inconvenient, the industrial enterprises can be established partly with private and partly with Government capital. In our days two governments, which in past times were not wont to interfere in private industry, have adopted the principles of partial, but direct, participation of the treasury in collecting the stock capital of private enterprises. Belgian *chemins de fer vicinaux* are constructed thus: one-third of the capital is provided by private companies, one-third by the local government, and one-third by the central government. The Canadian Pacific Railroad, though constructed by a limited liability company, received a large subvention from that Government which in the metropolis declined to assist railway construction—leaving all to private initiative—and in India adheres to the system of State railways. In the sphere of mill and factory industry every factory built by the Government, and later, for certain reasons, sold or let to private persons or companies, is an example of the actual co-operation of State with private capital.

Government subvention of private enterprise should not create an oppressive or a too detailed control, much less the interference of the fiscal agents in the regular arrival of business orders. If the enterprise is managed by a Board,

composed partly of Government representatives, then all the bad sides of Government and private management are united, and the good ones disappear.

It is said that the Government is more inclined to take care of the *employés* and workmen than the owners of private enterprises: the State is ready to cede part of the profits of the enterprise to ease the lot of workmen, and even renounce profits if general welfare demands such measures. Private enterprise cannot acquire any of these good qualities from the participation of Government agents in the management of its affairs. But red tapeism is instituted, and commercial flexibility and invention are lost. If it were possible to force upon the most profitable enterprises (for instance, well-known banks, or old insurance companies) even one representative of the Government in their Boards of Directors, this would cause the profit to be reduced considerably, and, still worse, this reduction would give no one, whether an important or an unimportant official, any observable advantage or ease.

If the Government is a shareholder, then it ought to observe the principle of non-interference, and for the best interests of the business in no case ought it to ascribe to itself more rights than are possessed by the private capitalists participating in the enterprise. By means of the votes controlled, it may influence the election and make efforts to form a desirable Board of Directors, the members of which, for the defence of the interests of the Treasury, should be large shareholders, and not officials. If such a system inspires doubt, it were better that the Government should take no part in private enterprises, and purchase no business for the State.

That form of Government co-operation with native industry which, to many supporters of active protectionism, appears to be the best and only possible method for the State to adopt—encouragement premiums, with free social co-operation, and with individual and Government initiative

combined—even in the ranks of special secondary measures should occupy the last place. We have already proved that the economical equivalent of tariffs are State factories, and in no case premiums.

The natural part of the latter in the system of positive State reaction on national labour and their natural extent are determined only when assisting industry in the countries where capital is rare and the rate of interest high.

The scientific study of the question of such natural premiums and their conscious introduction into the economical order are matters for the future. While we are speaking about premiums, it is necessary for us to understand artificial, and almost casual, single donations to one or another branch of industry from the funds of the Exchequer, that is to say, from taxes.

Premiums are paid to steamship companies and shipbuilders, to rail and locomotive works (France and Russia); wealthy France and poor Spain give premiums for the encouragement of the silk industry. In 1898 France promised a premium for flax and hemp sowing (law of April 9th), and New Zealand for the working of ore-beds.

All these donations from the treasury in regard to the economical order which will arise in Governments with free borders—an order, we hope, of the not distant future—should be viewed as the forerunners of better times. We should like to find an analogy: contemporary premiums are similar to good materials which are being used for the first time by a builder whose houses were formerly constructed of rotten material and, because of such, collapsed one after another. The new material is trusty, but the builder does not know how to use it, has but a slight acquaintance with its qualities, and, therefore, arranges the first layers with an inexperienced and unsteady hand. The legislator who, having compiled many ephemeral tariffs which cheated all hopes, turns to premiums, is like such a builder. Premiums are good material, but are good only

for crowning the building. The foundation and walls, as we have seen, demand something more substantial.

If we value premiums without any relation to the future, they must be acknowledged to be very absurd. Now they are issued for the encouragement of those industries which suffer from tariffs. Manufacturers of Spanish silks, French flax, Russian rails, when receiving premiums, should view them as compensations for many taxes, the existence of which is reflected on their produce. The treasury gives with one hand and takes with the other. The manufacturer and mill-owner, owing to duties, pay too much for raw materials, machinery, tools and transport; thanks to other taxes, the manufacturer causes the consumer in the home market to pay too much for manufactured goods. The result is the frequent loss of profit and capital. Premiums aim at returning part of the loss. With a somewhat complicated fiscal protectionist tariff, the repeal of any one duty and its replacement by a premium cannot give the latter the importance of a positive factor. The absurdity remains, because the premium appears as an indefinite corrective for many duties not yet repealed. So, for instance, the institution of a premium on steel in place of the repealed protective duty denotes only the repayment to the manufacturer of part of the large overpayments for fuel, ore and pig-iron, machinery and tools, workmen's clothing, and for the expensive working of railways, which have to bear the burden of many protective duties.

The real consequence of premiums will be displayed with free frontiers, when all import taxes, all negative protection of native industry and all frontier limitations disappear. Premiums will be very useful in the first years after the total abolition of all frontier toll-bars and taxations. For those kinds of industry which will find it difficult to change suddenly from the contemporary hothouse of protectionism to the fresh air of free exchange, and for which, from other causes, measures of positive co-operation will not be convenient, premiums can be granted for a longer

period. In case of such a solution of the question, premiums will not be a burden for the Exchequer, because the number of their classes and their extent will not be great, and the total will not present burdens for the Budget.

The taxpayers will observe the moment when the necessity for issuing premiums will cease: on the contrary, duties are levied long after the cause of their institution has disappeared.

Premiums, by force of influence on national labour, give way to all other positive measures. But premiums retain one valuable quality—plainness. All and every one can calculate accurately the cost of Government assistance to any given branch of industry.

CHAPTER XII

Passing Measures. Political Relations and National Primitiveness with Free Frontiers.

IN the history of nations the greatest prosperity of frontier taxations was reached in the Middle Ages. Contemporary duties are the descendants of those duties and taxations, to ensure the receipt of which the picturesque castles with towers and drawbridges were built. The history of the Rhine valley for six centuries speaks of the constant struggle against forcible taxes, which later acquired the appellation of fiscal and protectional duties.

Mouths of rivers and straits always attracted the grasping attentions of the Treasury. The fundamental rights of water-spaces adjoining the limits of States are interesting. In Blunchly's code, clause 302 runs as follows:—

"If the boundary of a State is the open sea, it is agreed that the territorial authority spreads over the water along the shore as far as it is in the reach of the State; that is, the distance of a gun-shot."

In the notes to this clause, Blunchly explains that formerly frontiers were determined by the distance a stone could be thrown, and later by the distance an arrow could be shot. The directing principle in this case is *Terræ dominium finitur, ubi finitur armorum vis.*

Professor Martens writes: "If straits are under the guns of one or another State, they are considered the property of the latter." [1]

Such are the principles of international rights. History

[1] *Contemporary International Rights of Civilised Nations.* Vol. i. p. 380.

says that such straits as narrow sea-paths were always free from taxes (notwithstanding the stubborn opposition of the States which possessed them), because taxes of even a moderate extent proved an unbearable burden.

The Sound tax, which Denmark considered an inviolable prerogative, was purchased in 1857 by the Powers for several million rix-dollars. In 1863 the mouth of the Scheldt was exempted from taxes, the Dutch Government receiving 34,000,000 francs by way of compensation.

In the Bosphorus and the Dardanelles taxes "very burdensome would certainly have appeared (in accordance with international regulations) if the business depended upon the state of Turkish finances and upon the number of vessels passing through them." But the passage remained free, because Russia and other Powers trading with the Black Sea did not desire to become Turkey's taxpayers.

No taxes can be levied in the Suez Canal, except the premium due to the Company.

How constantly and bitterly international exchange has suffered from all kinds of frontier taxations may be proved by all trade reports and by a mass of statistical data. Negative facts have been pointed out by us. The development of trade will be very great when all frontier burdens disappear. No country has yet enabled us to observe the full success of free-trade. Sufficiently convincing indications of the possible future are given by any so-called *porto-franco*, separate sea-points, sometimes important towns, where all custom-house surveillance and duties are abolished and the frontier cordon is transferred beyond the outskirts of the town, surrounding the *porto-franco* by a semi-circle of land, so that we are reminded of an army without the aid of a fleet besieging a sea fortress.

Porto-franco is established generally for a certain period at maritime localities and towns where it is desirable to create a most rapid growth of trade and industries, renouncing a part of the custom-house revenues. Among

Russian towns, Batoum enjoyed these privileges up to 1866, and Vladivostock still enjoys them. Odessa, from a small village of no consequence, developed in size and wealth and became a great town, thanks to the free port, which existed up to 1849. The transfer of the closed frontier for even only a few versts inland "rapidly as if by magic" creates a happy oasis. Meanwhile, it is evident that freedom of exchange relates only to the necessities of the population of the free port and to the free discharge of goods to the town warehouses. This is sufficient for the establishment of a trade centre.

That material and moral benefit which is now the lot of the inhabitants of the free ports will some day be enjoyed by extensive kingdoms, which will not be afraid of existing with free frontiers. And just as in these happy maritime settlements powerful and independent State authority, by a series of general measures and special co-operations, comes to the assistance of the local industry, so in the entire country which shall have shaken off the chains of custom-houses, national industry will derive power for participation in the operations of the universal market from individual initiative and common self-help, founded on the powerful and active co-operation of the Government.

The fear of the calamities and difficulties which the period of alteration threatens has more than once detained beneficent legislative changes. The very persons who believe in the advantageous consequences of any reform are inclined to vacillate and transfer the burden of change to the future generation, so as to avoid the risks incurred.

The plan of free borders will undoubtedly win many supporters, some of whom will at once begin to state the difficulty of any change from the contemporary condition to the abolition of all frontier taxations.

They will ask, Will not national industry perish in countries where protective principles have reigned for so long? Will not State budgets suffer too much, if only

temporarily, in countries where excise taxation exists? If one country frees its frontiers, will it not suffer until other States follow its example? Where are the means to be found for the positive co-operation with native industry, when the budget, even now heavily burdened, loses the custom-house revenues?

To avert such fears, to be free from difficulties and to avoid sharp breaks during the epoch of change, sincerity and firmness are most of all necessary. It is most important to understand the aim of the future—the abolition of all frontier taxes and excises.

It is necessary to allot to free exchange—that is, the establishment of peace—at least a small part of the sacrifices which, with so liberal a hand, are made in respect of war year by year. Let tariffs and custom-houses go on working for a certain time; but it is imperative once for all to renounce the introduction of any new taxes or frontier duties; to renounce all increase of existing duties and frontier excises; not to increase duties or excises, and not to renew them once they are abolished or reduced in consequence of the surplus of revenues and the successes of industry or trade agreements; and to renounce or reduce all prohibitive or partly prohibitive duties.

Once these principles are firmly rooted, the development of industry, the successes of science, and other advantageous circumstances will rapidly advance the reform.

Furthermore, these points are necessary: first, to simplify the tariff immediately, entirely abolishing all minor taxations (even in the English tariff small items exist which ought to have been repealed long ago, namely, cocoa, chicory, currants, fruits, and other articles); secondly, to commence at once, in accordance with the above-mentioned principles, a reform of the excise taxation, so that the levying of interior taxes shall no longer demand the aid of custom-houses; thirdly, in years of financial welfare to allot part of the budget surplus to the abolition of one or another duty (under conditions of their never being re-

newed); fourthly, in years of financial difficulties to cover the deficit by loans (if it is considered not convenient to increase the direct inland taxes), but in no case to increase the custom-house revenue; fifthly, to leave for a short and definite period the principally protective duties (we have already seen that purely protective duties are rare, and always have an admixture of the fiscal element); sixthly, to conclude trade treaties only with the aim of quickening the arrival of the order of free frontiers. When the present tariff *échelles mobiles* shall be transformed to *échelles sans cesse descendantes*, then the principal idea of all future trade treaties should consist of the simple and sincere statement that in the near future all duties will be entirely abolished, and that the custom-house tariff will represent a book in which the number of clean pages will increase; but the consenting neighbours should only assist the approach of the desired day of total freedom of frontiers, not force it in a hurried and dangerous manner.

If policy is inspired with such principles, this day will be near, and no shocks will be felt either by native industry or the Exchequer.

The famous question of tariff mutuality should not be considered a difficulty or an obstacle in the path to free frontiers. If neighbouring nations do not give way easily, —that is, if they cannot yet overcome economical stagnation,—the State that decides to open its frontiers should not fear its place amid other nations stubbornly preserving, or even increasing, their custom-house walls.

The contemptuous remarks of Bastiat and Henry George in regard to mutuality, at the end of the nineteenth century, were affected by certain proofs, the consequence of which can be refuted only by means of sophisms and untruths. England does not become poorer, though she is placed among other nations which are as yet suffering under the plague of neo-protectionism, and, what is still more important, does not heed the numerous prophets who prophesy

her speedy ruin. There are many other countries,—for instance, Belgium and Holland,—which also fearlessly renounce mutuality. For the proper consideration of the question touching the institution of mutually injurious tariffs, it is necessary to remember that they have always existed, not in reality, but in the imagination of monopolists. Only in time of war, when all trade relations and exchange are suspended, can it be acknowledged that the opponents have the best of the argument. If, for instance, France is at war with Germany, the *mutuality* consists in the fact that the exports of either country cannot be exchanged otherwise than under a neutral flag. Custom-house war only can produce such mutuality when both sides have adopted an absolutely prohibitive tariff. But such a custom-house war is impossible, because it will immediately become open war, and, as we have seen, such an impossibility as the prohibition of exchange (between European nations)[1] without immediate armed strife is one of the most evident proofs of the close union between nations in respect to the questions of war and peace.

During such custom-house wars as are actually possible, when the exchange is very limited, mutuality is already undermined, because at any stated moment, both in the entire industry and in its separate branches, the totals of losses and injury are different. With the concluding of a trade treaty, or, in general, with the abolition of war duties, *there can be no question of mutuality*. Really, it is impossible to believe that mutuality exists where, for instance, several influential groups of French manufacturers on one side and several similar groups of German millionaires on the other consider that they suffer mutually. The unprejudiced observer sees, on the contrary, a series of totally different results and various influences. Different goods are taxed with different duties; the sum of customs,

[1] Blockade, as a repression not ending in war, is possible, but only in exceptional cases, in regard to a powerless State.

the revenue of the Exchequer, the cost of export and import are all different.

As up to the present time mutuality has appeared only with the declaration of war, so in the future actual mutuality will exist only with entirely free frontiers. Mutuality exists now between England and Scotland, between Brittany and Normandy, between Prussia and Bavaria.

Free international co-operation joined with free social co-operation will abolish war, will gradually reduce the armies and fleets to very small numbers. Let the State which first opens its frontiers maintain its armed forces till an agreement be made between all the powers. Let it even increase them, if any fears trouble the Government; but a valuable measure of change would be the use of a certain, although not great, part of war credits for the reduction of duties, and chiefly those duties from which the nation that is considered to be an antagonist mostly suffers. If France increases her fleet because of the threatening state of England, then every excessive assignment of money for the construction of ironclads and the reinforcement of field artillery ought to be accompanied by the reduction of tariffs from which the English manufacturer and English workman suffer. If instead of 100,000,000 francs, 80,000,000 are spent on the fleet, sufficient care will have been taken; but if the remaining 20,000,000 are assigned for reducing such frontier taxations as will lead to the increase of import, the sacrifices of the Exchequer will be redeemed by the fact that the military budget little by little, without human contrivance, loses its tendency towards rapid increase; and if the movement in favour of free frontiers is kept up, the military budget will acquire an opposite inclination. If all civilised kingdoms surround themselves with free frontiers, then armed force will have to be maintained for the keeping of internal order and for compulsory measures in respect to uncivilised, or partly civilised countries. Then measures for the equal reduction of all the armies will have to be

considered. Then the day will dawn when it will be necessary to call a congress or conference with a view to establishing not a *maximum* but a *minimum* of armed force, which every State will be compelled to maintain, so as to be prepared at any given moment to defend the interests of civilisation. Even in the nineteenth century more than once the military forces of European powers have had such humane aims. The battle of Navarino, the conquest of Algiers, the defence of the Holy Land, the Syrian expedition, the defence of missionaries, the war of 1877–78, the autonomy of Crete are all similar cases. When international antagonism ceases, then every application of force or every threat beyond the limits of the civilised world can be displayed by the same idea of right and humaneness.

National independence and State sovereignty will be inviolable when all frontiers are free.

Frontier guards and custom-house toll-bars on the frontier of two law-abiding and independent States are quite unnecessary either for political or social aims. The form of Government, the laws and customs, the competency of administrative authority, will remain unshaken with free frontiers. The owner of a large estate does not need a wall round his boundary, and suffers nothing from the transport of goods along the roads which cross his property, or from the passage of all kinds of persons. A State armed with its sovereignty has still less to fear from free movements. The frontier relations of federative kingdoms or those united in custom-house alliance are very convincing. In Germany, special attention ought to be paid to the frontiers of Bavaria and Luxemburg. Bavaria, although a part of the German Empire, has preserved great independence. Like other States, it has an hereditary monarch. The army obeys the Emperor only in times of war. Luxemburg, forming part of the "Zollverein," is an absolutely independent kingdom. The absence of custom-houses on the German frontiers of Bavaria and Luxemburg is, in the

eyes of the royal and Grand Duke's Governments, an arrangement not in the least likely to increase the danger of a grabbing policy on the part of Germany. Special laws fulfil their functions regularly on both sides of the free frontier. Hungary has also attained excessive independence. But the custom-house zone on the river Leith is not altered. Swiss cantons are so suspicious that they fear even a general State-alliance bank. But the absence of interior toll-bars and cordons inspires no fear.

By means of the modern rapidity of railway travelling and the abolition of passport control, a passenger who has no luggage is transported in the same car, without having anything to do with the authorities, from one independent kingdom to another in several hours. The State sovereignty is not in the least reduced by this. We have a full right to affirm that the entire working of the State mechanism will remain untouched when the frontiers are open. Only on the frontiers of savage States will it be necessary to have a vigilant cordon, and it would be desirable for the sake of security to increase there the military police surveillance. We class the Asiatic frontiers of Russia and England, and, in general, the colonial borders of States with these.

The order of free frontiers, joined with absolute political independence and active care on the part of the Government in respect to native industry, will be reflected on the beneficent solution of those sharp international conflicts which often arise between civilised kingdoms. When the exchange becomes free and trade competition incapable of alone exciting enmity, then all political disputes will be summed up in two categories: they will either be territorial disputes between the metropolises or territorial disputes in colonies. Such questions as the re-annexation of Alsace belong to the first category; the Eastern question, which now is nothing but the question of the division of Turkey and Persia, can be classed in the second, since, now

that great distances are so easily conquered, we cannot help finding a marked similarity between the disputes concerning African protectorate or Chinese occupation and the question of the sphere of influence in Asia Minor or on the shores of the Gulf of Persia.

On the European continent the order of open frontiers will tend, whatever the desire of this or that ruler may be, whatever the wish of one or another ruling party, toward the weakening of not only purely aggressive, but also reuniting, inclinations. The annexation of the disputed province and the regulation of frontiers will be less attractive, because every day the remembrance of disasters suffered will become fainter. At the same time the preservation within the limits of the State of the population, with a tendency toward a centre beyond the border, will appear in a new light.

When the frontier becomes free, the French patriot will not so keenly desire that Metz should again belong to France. The German patriot will be inclined to renounce the present *non possumus* when he understands that after the abolition of frontier obstacles the ancient possession of "Gesammt Vaterland" on the left bank of the Rhine can be considered connected historically by strong ties with Germany, although these regions were governed from Paris. The Alsatian deputies, whatever their opinions concerning the annexation to France, would appear as fellow-workers in the Reichstag. The representatives of Northern Schleswig would join them. For similar reasons the relations of Denmark and Germany would assume a friendly aspect.

The "Italia irredenta" party would undertake a quieter programme, one not dangerous to peace even when the population of Lombardy, Piedmont and Venice should enter into continuous communication with the peoples of Nice, Savoy, Tichino, Istria and the Tyrol.

The inclination to capture disputed territories would decrease. The efforts to preserve inviolable frontiers would weaken. The result would be that the wishes of the popu-

lation in regard to the disputed territory would become more and more decisive.

If in our days a question arose about the destruction of the borders of the small German States, the question would be debated with academical moderation. The correction of the border between North and South Germany, between Prussia and Bavaria, cannot assume the fierce character of 1886, when Prince Bismarck had to struggle hard to keep his sovereign from territorial acquisitions in Pfalz and Anspach. Freedom of frontiers has done its work in thirty-five years. Separate inclinations are weaker. The aggressive desires of Prussia have disappeared. If the Reichstag decided upon annexing Pfalz to Prussia, Bavaria, although displeased, would make no plans for leaving the union. But Prussia will hardly make efforts to attain a small increase of her territory, if her scheme is met with protests.

Changes in the frontiers of the United States or Swiss cantons are hardly capable of causing serious conflict, as the temperature of the dispute will be lukewarm.

It is not only the habit of freedom of exchange and transmigration that mitigates frontier and territorial disputes between legal kingdoms. Not less influence appears in the assurance of individual guarantees and the firmness of the legal order. Free frontiers of half a century back were capable of producing other consequences. For instance, between 1830 and 1840, Piedmont might conclude a custom-house treaty with Austria, the Papal States with Naples. But the conditions of Italian life were so various that free frontiers would have pacified only the Governments. Now they pacify nations. In colonial questions the pacifying consequence of free frontiers is still more evident than in the direct concerns of the metropolis. Every contemporary act of colonial policy has no other aim than the development of the native market and the acquisition of territory for settlements. All other questions concerning maritime stations, protectorates, the

defence of trade paths, the spheres of influence are either directly connected with the necessities of exchange or emigration, or serve indirectly for the same aims, assisting the military defence of the possessions already acquired. If England were to renounce her colonial policy, the grasping behaviour of France and Germany would lead to English goods not going across the seas; the raw material from distant lands would not reach England, and the English workman would be prevented from settling in many far and fertile countries. Similar fears and calculations direct the colonial policy of every nation which has either the chance or the need to follow an active policy.

With free frontiers it will be important for every State that colonial extension should belong to legal kingdoms. Germany will view the successes of England and France with pleasure, because in places where the English and French flags are planted German goods will not be taxed, and German settlers will acquire the right to own and use land. It is true that French or English industry will have many important advantages in their colonies, because of positive encouragement, but this always leaves a large margin for foreign exchange. If American and Indian custom-houses were to disappear, their exchange with the universe would be increased tenfold; foreign industry would have little fear of local administration, or of agrarian and purely economical measures for the increase of productive forces. State works, State subvention and premiums create local competitors for foreign import, but never cause such loss as negative frontier obstacles. Many branches of industry will remain without direct reaction, and, in general, the system of positive co-operation comes from the healthy principle of reducing the expenses of production, and strives for cheapness rather than for high prices. Universal exchange will adapt itself to all circumstances that are fair, but will not overcome such obstacles as frontier taxations. Native manufacture, rising in distant and virgin countries, yields profits for the free-trade of

every country; possibly certain parts of exchange will be reduced, but the total will increase.

The difference between positive and negative co-operation is seen most plainly in the immigration of capital. Foreign capital will gladly flow to the country where it can be employed safely with the resources of the inhabitants.[1] Foreign capital will flow to the kingdom where Government management is developed. But foreign capital will not flow to the country where it is taxed with heavy duties or badly defended by the laws.

It is the same with emigration. The immigrant workman or planter will find the conditions and periods relating to naturalisation to be just. Foreigners who arrived long ago will agree that they must give way to the natives of the country in matters of politics. Immigrants only demand free arrival and free labour. Once these are granted, the feeling of animosity disappears. International antagonism becomes slowly and surely less.

The Eastern question—that constant threat of European peace—will be solved as soon as free frontiers are instituted, for they will release the Powers from the long-existing nightmare of war.

Who is to possess the Bosphorus? How is Turkey to be divided? When the principles of free frontiers are thoroughly learned by the Powers, the question of straits and territorial distribution beyond the Balkans and in Asia Minor will demand the application of force only with regard to Turkey, and the danger of a European conflict will disappear for ever. For Russia, the possession of Constantinople and the Dardanelles, from a vital interest, will become a platonic and historic tradition. If the Straits fall into the hands of a civilised kingdom, the possibility of a conflict with which will not be greater than the possibility of a collision between England and Scotland, and

[1] The United States may serve as an example.

if the free use of the Bosphorus for Russian trade will be as secure as the navigation of the Straits of Yenikale, then any Christian owner of Byzantium will be better than the Turk. But, on the other hand, England, Austria, and Germany will see nothing dangerous in the tradition of Oleg's shield being renewed, the Mahomedans driven away, St. Sophia re-established, and a Russian governor residing at Constantinople, if these Powers are assured that Russia not only has no aggressive intentions, but that aggressive interests will disappear, and if the vessels of all nations can sail free from taxation on all Russian seas and call at every Russian port, the whole great Empire becoming one large free port.

The interest lately displayed by Germany in Eastern questions is caused by colonisation movements of the Germans towards Asia Minor and Syria. If the Turkish districts become the possession of a kingdom which includes freedom of immigration in its principal laws, Germany will willingly agree to the division of Turkey between England and Russia. German colonies will gain from the institution of legal order.

When England becomes sure that the possession of India presents an interest for no one, because the Indian market will be open to all and every one, England's colonial politics will assume another character. England will protect her ocean paths and her stations from neighbouring savages, and not from the intentions of other countries. With free frontiers the European concert will as sincerely and amicably defend the Suez Canal from exterior dangers as the ports of the Mediterranean are defended against the Egyptian plague. In the contemporary state of affairs the relations of the Powers that are strong on the sea are very dangerous and complicated. With free frontiers the danger will disappear simultaneously with the simplification of politics. Freedom will have a steady consequence in the kingdom and beyond it. Compare the former complicated legislations of countries where slavery, serfdom, class distinctions,

and bureaucratic police order existed with the contemporary social order. Class privileges are very intricate; equality is very simple. Censor statutes and censor practice are very difficult; freedom of the press is given by a simple law, and increases the leisure of the authorities. Every union of legal and administrative authority is not only injurious, but is artificial, and demands great efforts on the part of the legislator. Independence of justice is not only beneficent, but is a very simple solution. The system of preliminary permissions necessitates an enormous staff of servants, divided into many different groups. Industrial freedom changes these heavy duties into sinecures. The compilation and introduction of custom-house tariffs is a colossal labour; the abolition of frontier taxations and custom-houses gives wealth and peace, simplifies the law, and preserves the forces of statesmen and minor officials. Government interference in national economy, even to a limited extent, practically creates a series of large and small difficulties, which are often not all easy of solution. Free State initiative on the widest footing is based on the most simple and natural directing principle.

Thus will it be with international relations when free borders are in existence. The medley of diplomatic wiles, cabinet secrets, and fictions of international rights will suddenly be replaced by a plain principle of the labour union of independent nations. International complications are the sign of approaching war. When there shall be nothing in the future except peaceful agreements, the sense of such complications will be driven from the diplomatic language.

Military collisions with Asiatic despots and savage races, and possibly with certain advanced republics of South America, will fill another age with martial exploits. As long as the reign of right is not firm everywhere, force will have to be applied more than once. But when cultured nations in all exterior affairs remain in union, armies, fleets, and military budgets will not be great. For com-

pulsory actions beyond the limits of civilised States a much smaller armed force will be necessary, because, with the total agreement of the Powers, their threat alone will be sufficient.

Referring to the past, there will be no necessity to renounce martial glory. Only nations full of power and with a high spirit are capable of giving peace. Firm State organisation, powerful authority, lively national feeling, and traditional self-sacrifice produced victory in the ages of war, and will yield success in the times of peace. A State that is not afraid of conquest will not be afraid of opening its frontiers. A State possessing material and moral means for the creation of a victorious army will find sources for wide participation in free international and social co-operation. When wars disappear, national pride will erect monuments to peaceful victories near the monuments of past martial glory. And it is possible that the connecting link for all nations of the earth will be the recollection that the sword was drawn for the last time in the twentieth century at the gates of Jerusalem.

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